FINANCIAL TIMES

Start the week with...

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Motivation Not by bread alone

muel Brittan, Page 16



Dateline Of obelisks and empires



Advertising Spoof political campaigns Alison Smith, Page 12

FTC acts

merger of

stationery

US antitrust regulators have shocked Wall Street by seek-ing to block a \$3.80m merger between Staples and Office

Depot, the two largest US office supply superstore chains, in spite of the compa-nics' offer to sell 63 of their

The Federal Trade Commis-

sion announced that its five-

member panel had rejected the

compromise by a four-to-one vote – the same majority as

the panel's decision to block

the original merger a month

The two companies reacted

suppliers

By Richard Tomkins in New York

stores to a rival.

to block

MONDAY APRIL 7 1997

Mideast impasse to Washington

Tha presence in Washington of two top Palestinian negotiators at the same time as Israeli prime minister Benjamin Netanyahu fuelled speculation about a fresh round of US-sponsored negotiations as President Bill Clinton tried to end the impasse between Israel and the Palestinians over the issue of Jewish settlement in east Jerusalem. Page 18

Single market fosters job flexibility, study says

The European Union's single market has brought more diversity in wage bengaining and encouraged greater employment flexibility in member countries, according to an unpublished study carried out for the European Commission.

Glaxo Wellcome, the drugs company, has had its monopoly grip loosened on the ulcer drug Zantac, the world's best-selling medicine. The US Court of Appeals ruled that Canadian rival Novopharm can produce a generic version of Zantac when Glaxo's patent expires at the end of July. Page 19

Knight-Ridder, the US information group, has staked its future on the daily newspaper sector by spending \$1.65bn for four dailies that had been acquired by Walt Disney in its takeover of Capital Cities/ABC. Page 19

USA Global Link, a company credited with innovative, often controversial, ways of cutting the cost of international telephone calls, is planning a flotation later this year that could value the company at between \$3bn and \$6bn. Page 19

Companies flocking to BVI: The British Virgin Islands was the fastest growing centre for offshore company registrations last year, and on current trends should outstrip Panama as the leading offshore registry by 1999. Page 18

Pinault Printemps Redoute, the French retailing group, plans to sell financial services, intensifying competitive pressures on the country's banks and insurance companies. The group, which controls leading shopping chains such as La Redoute and the FNAC books and records network, is preparing to lannch a wideranging campaign early next year. Page 19

Astronauts ordered home: Nasa ordered astronauts aboard the space shuttle Columbia to return tomorrow, 12 days earlier than planned, because of a weakening electric generator.

Yeltsin to curb favoured banks: Russian president Boris Weltsin is to sign a decree that will sharply restrict the privileges of "authorised" commercial banks whose right to handle government funds has formed the basis of many new private fortunes. Page 2

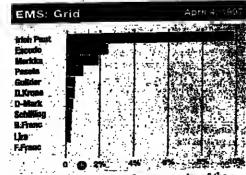
Telfort, the joint venture by British Telecommunications and the Dutch state rail company, says high interconnection fees may force it to reconsider its investment in a basic telephone service to compete in the telecoms market in the wake of the privatisation of the former state telephone monopoly. Page 2

Algerian death toll rises: An estimated 80 civilians were mordered as killers wielding axes and chainsaws as well as guns raided villages to the south and south-west of Algiers, according to newspaper reports. Page 2

HK looks into visa fraud: The senior US immigration official in Hong Kong has been placed on administrative leave, and he and his wife have been interviewed in connection with a probe into visa and immigration fraud, officials said. It is believed to involve visas for mainland Chinese to enter the US. Page 4

Grand National to be run today: Britain'a Grand National steeplechase was rescheduled for this afternoon while criticism was directed at the Irish Republican Army for the telephoned bomb threats that cancelled the horserace on Saturday and forced the evacuation of 60,000 people from the Aintree course.

European monetary system: The Italian lira pulled itself off the bottom of the EMS grid last week, moving 0.32 per cent above the French franc, which replaced it. The Irish punt's slow slide against the Ecu continued, but the punt remains by far the strongest currency in the system. Currencies, Page 25



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

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Netanyahu brings | Finance minister retreats over single currency entry criteria Germany

softens its stance on Emu rules

Mr Theo Waigel, Germany's finance minister, has retreated from his rigid stance that countries qualifying for European monetary union must hit a public deficit target of 3 per cent of gross domestic product. At the weekend meeting of EU finance ministers in Noordwijk in the Netherlands, Mr Waigel shifted to the more flexible approach permitted in the Maastricht treaty, which allows a positive trend toward tha target. "I have never nailed myself to the cross of

three per cent," he declared. Mr Waigel's remarks would allow Germany, still struggling to reduce its deficit amid slow growth and record unemployment, a margin of error in hitting the Maastricht target.

Coming days after Chancel-lor Helmut Kohl amounced be was running for a fifth term next year and that Kmu would go ahead on schedule on January 1, 1999, the remarks dampened speculation about a

Mr Waigel's earlier insis-

to reassure a sceptical German public that Bonn would not fudge the entry criteria to allow weaker economies to ioin Emu.

Germany is adamant that Emu can only go ahead with countries showing a "sustainable convergence", but Mr Waigel signalled that Bonn is preparing other arguments in favour of monetary union. "I don't like to accentuate

the negative, but you must say what happens if Emu goes "It would damage the German economy, hurt German

a flight into the D-Mark," he EU finance ministers also agreed to select the first batch of single currency members

next year. Ministers also agreed on the stability and growth pact to enforce fiscal discipline among members of the single currency or euro zone, as well as a remodelled exchange rate mechanism linking the curo to



exporters, and there would be UK premier John Major, who was outflanked by Labour policy on Emu, with former British nrime minister Baroness Thatcher in London yesterday

cumulatively and distributed

The most contentious issue was how to handle penalties for euro zone countries running "excessive" deficits beyond three per cent of GDP. around the beginning of May These penalties would initially take the form of a deposit at the European Central Bank which could be con-

to euro zone members. Southern countries preferred to set an absolute ceiling of 0.5 per cent of GDP, with the money distributed to the EU verted into fines after two

The compromise is that the maximum penalty in any one year should be 0.5 per cent. in years. Germany - supported the first year, the fine would comprise a fixed portion of 0.2

of 0.1 per cent for every percentage point above the 3 per cent threshold. If the deficit persists, the fixed fine of 0.2 per cent would be dropped, but additional sanctions would still be levied up to a possible ceiling of 0.5 per cent.

Emu pact, Page 2; Election news, Page 6; Labour 'will not join Emu before 2002', Page

fariously to the decision. Mr Thomas Stemberg, chairman and chief executive of Staples, called it "astonishing", adding: "We do not understand their rationale." Mr

David Fuente, chairman and chief axecutive of Office Depot, called it "absure Staples and Office Depot first announced their proposal last September. It was the biggest merger in the US retailing industry since Federated Department Stores, owner of the Bloomingdala's chain,

ment store group for \$4.1bm in The decision appears to mark a hardening of the FTC's policy on big mergers following a period of relative docility during the Bush and Reagan years. That could prove troublesome to the US retail sector, which is burdened ! overcapacity and ripe for con-

bought the R. H. Macy depart-

solidation. Last month, the FTC said it would ask the courts to block the deal since it would allow the new company to control prices of office supplies in

many areas across the US. Staples and Office Depot argued that they would conbefore attempting to raise have substantial amounts of trol only 6 per cent of the US market for office products. But in an attempt to avoid a long court case, they offered to sell 63 superstores to Office Max, the number three playar in the market,

Continued on Page 18

Bre-X gold affair stalls mining issues

by the Dutch bosts - insisted

Savaral North American rights to properties near mining exploration companies have put off raising much-needed finance after the slide in mining share prices because of the Bre-X controversy.

Doubts were raised 12 days ago about Bre-X's claim to have discovered the world's biggest gold deposit in Indonesia, and panic selling wiped more than \$2kn from the Cana-

stock market value. US mining company, hoped to raise C\$40m (\$28.9m) in

said Mr Victor Bradley, president of Yamana, which has

Dixie."

company, is another casualty HSBC investment Bank. and has abandoned plans to raise C\$8.5m. Mr Rennie Blair, money has been lost."

Also halted was an initial

with that financing would while the specialist mining become the pre-eminent mar-have been just like whistling trusts are facing an outflow of ket for raising mining money, investor confidence. Dixie." cash," said Mr Jon Bergthell, Sur American, a Canadian director and head of mining at

The Bre-X controversy has sparked a sell-off of mining president, said: "The invest- shares. Withdrawals from spe dian exploration company's ment institutions at the cialist mining investment moment are undoubtedly trusts are forcing them to sell Yamana Resources, a small gun-shy. An awful lot of shares in big mining groups to raise cash quickly.

Mr Bergtheil said that Toronto with en issue under-written by CIBC Wood Gundy fields, an offshoot of Meeka-improva for mining groups tharra Minerals of Australia generally in a month or two.

back to London. Some analysts warned that

By Kenneth Gooding

"We are a casualty of the with Indonesian prospects. junior exploration companies the worst might not be over.

In London and Scott Morrison

Bre-X fall-out. It hit us hard," This was to be underwritten might have to form joint ven
Speculators have been betting by Toronto-Dominion Securitures with bigger partners that Bre-X's deposit might rights to properties near "Any mining company money on Canadian markets. gold - if not the 71m ounces Bre-X'a Busang deposit in attempting to raise money at He believed the Bre-X affair once claimed by the company. Indonesia. "Busang ultimately proves If Busang ultimately proves "For us to have continued trust from private investors, from Toronto, which had to have little gold, a second become the pre-eminent mar- crash could further shake

US is facing battle over Freeman's heir at EBRD

Wall Street banker.

But European shareholders charge of the development contract expires.

of EBRD are fighting to prebanking operations. serve the predominantly It was also decided that at to present the names of "European" character of the least 60 per cent of the bank's suggested candidates for Mr former communist countries to capitalism.

Observer ...

LIK News

By Anthony Robinson,

East Europe Editor

Former Wall St banker who refurbishment of the bank's joined EBRD at its launch six together premises.

Mr Freeman subsequently when the bank was set up, combined both operations, at the original suggestion of which strengthened the American Bank for Reconstruction and

10 per cent stake makes it the bank's largest single share-holder, is pressing for Mr Free man to be replaced by another

Mr Freeman was chosen as tens to stay on for a second one of two vice presidents in tens. Mr de Laroslère bas soit charge of the investment bank, yet decided whether to accept, ing activities and Italy's Mr but has made known that he Mario Sarcinelli was put in will certainly stay until his

to facilitate the transition of trated on the private sector.

unfolding at the European
Bank for Reconstruction and
Development over the successor to Mr Ron Freeman, the
bank's senior first vice president, who is axpected to
announce his resignation this
week.

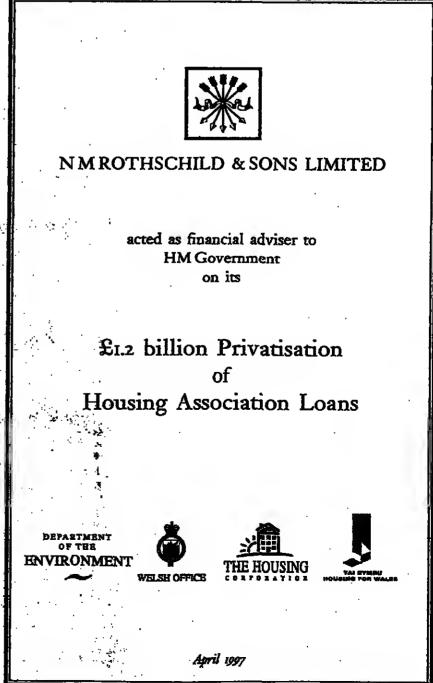
The US government, whose
The us government over the succession of the biggest
This settled on London as tiquid Monetary Fund, who is
the location for the new bank
but also agreed that a French
man, Mr Jacques Attali
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The us government over the succession of the president of the first presi

Mr de Lerosière is expected

bank which was set up in 1991 activity should be concen. Freeman's position at an informal meeting of the board But this division of functions tomorrow, and a decision is was abolished in 1993 when Mr expected before the EBRD They want a European to fol- Attali was forced to resign meets for its AGM in London low Mr Freeman, a 57-year-old after criticism over his lavish on April 12.

CONTENTS rational Bonds FT/SSP-A Wild Indices 22 Currencies & Money 25



C THE FINANCIAL TIMES LIMITED 1997 No 33,258

LONDOM · LEEDS · PARES · FRANKFURT · STUCKHOLM · MADRED · MEN YORK - LOS AMBELES · TOKYO · HOMO KOMA

Yeltsin to curb bank privileges

Russian President Boris Yeltsin will early this week sign a decree radically changing the government's relationship with commercial banks, senior ministers said at the

The law will sharply restrict the privileges of "anthorised banks", whose right to handle government funds has formed the basis of many of Russia's new

private fortupes According to Mr Boris Nemtsov, the first deputy prime minister, over the next few days the president will sign a decree that will limit the circumstances under which the government will use commercial banks to handle its

"In those situations in which the state can operate without the help of commercial banks, all funds will simply be channelled through tha treasury." Mr Nemtsov said on Saturday at a conference of Russian mayors. Mr Nemtsov said the president was also on the verge of signing another controversial decree to introduce a transparent, competitive system for all state Chrystia Freeland, Moscow procurements. Editorial Comment, Page 17

Russian tax minister quits

Moscow reformers appear to have won an important victory against a more conservative faction in the cabinet over the weekend with the reported resignation of Mr Vitaly Artyukhov, the head of the State Tax Service. Poor tax collection - only 58 per cent of budgeted revenues were gathered in the first quarter - is one of the

government's most pressing economic problems. In another, more ambiguous, cabinet change, Mr Pyotr Rodionov, the fuel and energy minister, tendered his resignation on Friday. Mr Alexander Samusev, vice-president of Rosprom-Yukos, an oil and industrial empire formed by Menatep bank, was tipped to be Chrystia Freeland appointed to the vacant post.

Prodi plea to communists

Mr Romano Prodi, Italy's prime minister, is expected today to make a last-ditch ettempt to persuade the Reconstructed Communist party to avoid splitting his governing majority over the Albanian crisis.

Mr Fausto Bertinotti, the Reconstructed Communist leader, yesterday confirmed his party's intention to vote against Italy's leading role in a multinational force to Albania in a vote in the Italian House of Deputies tomorrow and in the Senate on Wednesday.

Some members of the rightwing opposition suggest that Mr Prodi's administration could continue as a minority government after a split with the Reconstructed

However the Party of the Democratic Left, which is the largest single party in the governing coalition, warned that a split could eventually lead to a government crisis

Whatever the outcome of this week's votes, the government said the Italian forces would start moving into Albania on April 14. It also suggested this weekend it might need to raise new taxes to fund its involvement in the multinational force, which is expected to cost Italy around L30hn (\$18m) a month. Paul Betts, Milan

Greek inflation at 25-year low

Greece's annual inflation rate slowed from 6.6 per cent in February to 6.0 per cent in March, the lowest level in 25

The monthly increase in consumer prices was 2.2 per cent following a jump in prices for durable goods, clothing and footwear. But food prices, which make up more than 20 per cent of the consumer price basket, were up by only

A re-balancing of the consumer price index which came into effect in February has contributed to the fall by knocking 0.3 percentage points off the annual inflation

German repatriation protest

Germany's policy of repatriating refugees from the former Yugoslavia could endanger the peace process, the German representative for United Nations High Commissioner for Refugees warned yesterday.

In a newspaper interview Ms Judith Kumin said that the repatriation policy, which is being carried out by the regional states, the Lander, did not take enough account of the ethnic and geographical origins of the refugees. The majority of refugees are Moslems whose original dwellings have since come under Serb control. This meant that "at least half of the some 300,000 refugees in Germany cannot return at present to their home places Frederick Stildemann, Berlin





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Election Announced



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Protest over BT Dutch venture

By Gordon Cramb

British Telecommunications' Dutch joint venture may rethink its investment of more than Fl 1bn (\$530m) in the Dutch market for basic telephone services unless the Netherlands government improves tha terms on

which it can compete.
Telfort, in which BT and the Dutch state-owned railways are equal shareholders, last November won a licence to build one of two new national telecoms networks. From July these will bring the first competition to the

tised monopoly. But Telfort told the gov-

ernment on Friday that the way interconnection tariffs the fee that carriers pay each other to route a call between their services were being treated was threatening its position from the outset.

its strategy if the anthorities show no evidence of understanding for its standpoint". With some 2,000km of fibre optic cable already laid

The company warned that

it "will have to contemplate

alongside rail lines, Telfort is thought unlikely to abanto be 40 per cent complete by among themselves on prictive and of the year. The ing. It is this week due to the and of the year. The company refused to discuss what it might do if talks falled.

But it feels at a disadvantage compared with KPN and with a myriad of smaller specialist telecommunications providers which Tha Hagge will also allow into the domestic market from mid-year.

KPN is demanding an interconnection rate four times as high as that which BT charges the Dutch utility to process its calls in the UK. The transport ministry. responsible for telecome has told operators to negotiate

hear a complaint by Telfort that this attitude will merely entrench KPN's dominance. At the same time, KPN,

Telfort and Enertel - a consortium of cable companies and energy utilities which was awarded the other licence to build a network have joined forces against the smaller carriers. They argue that as these

infrastructure, they should pay a higher interconnection tee per call. Mrs Amemarie Jorritsma,

meet the costs of a national

transport minister, told the ence.

such discrimination was prohibited under guidelines adopted by the European Union, which requires member states to liberalise voice telephony by the end of this

In a letter to the three, she said changes to Dutch law governing the industry would allow for a sufficient distinction between intercon nection and forms of "special access" to the networks required by operators pro-viding only partial services. other players do not have to But whether a company had an infrastructural licence itself would make no differ-

Europe urged to copy US **business** approach

Burope has a grim future ahead if politicisms and business leaders full to build support for measures to boost competitiveness and foster individual responsibility, a survey of European

Eurostudy, published by the Performance group, a business strategy comm in collaboration with Fortune magazine, is based on lengthy interviews with 83 business leaders from all over Europe. Lik It the respondents join the long list of business groups and others calling for Europe to adopt more flexible, US-style approach to business and government.

The language is apocalyptic. Europe is said, vari-ously, to be "standing on the edge of a cliff, "run-ning out of time"; "not aware of the rules of the game" and "about to lose its leading position in the world economy". The prescriptions, however, contain little that has not already been endorsed by the European Commission and many individual governments. including moves to increase labour market flexibility and increase cross-border competition.

A more novel feature of the report is its emphasis on landership, or rather its absence. Many of the comments of respondents, all chief executive officers or presidents of leading European companies, reflect a deep frustration with politiclans' fatiure to rally public support behind this, or any other vision of Europe's future.

The report says the idea of the Single Market "is no longer sufficient" for most Europeans, while efforts to replace it with the vision of a Europe of one currency have failed. Leaders are said that countries could catch to be wasting "tremendous up with the edvance guard amounts of energy on ment to solve the symptoms of Europe's problem whose

root causes are never really addressed". Surprisingly, the executivas endorse European Commission proposals for co-ordinated investment in transport and telecommunications infrastructure. But the spirit of the report is firmly in favour of reducing

the state's role in regulating

Diplomats in Geneva said vesterindustry and providing gencrous social benefits. The report claims the growth of the size of the state during the second part of the 20th century has brought a decline in economic freedom. It says European companies are now paying a price in the global market place for this lack of freedom, pointing out that a third of European companies had a smaller turnover

in 1995 than in 1990. The same pessimism is reflected in the results of a follow-up survey of participants, which showed nearly three-quarters of respondents expected the European economy to grow between 0 and 2 per cent a year, on average, in the years to 2000. This compares with consensus estimates of

Few of the executives expect this poor macroeconomic performance to affect their own company, with around two-thirds predicting revenues would grow faster in the next four years than in the previous four.

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don a network which is due core consumer market of Pact on Emu only tells half the story

Question of who will qualify may be settled as soon as this autumn, writes Lionel Barber

summit to select the first hatch of countries joining decisions." economic and monetary

The Emu timetable agreed at the weekend meeting of bility as hard currency sheep EU finance ministers in are separated from soft cur-Noordwijk on the Dutch rancy goats; indeed, how to coast looks neet in theory, avoid the impression that but it tells only half the

In practice, as several minconceded, the question of whether Emu will go ahead on schedule on January 1, 1999 and which countries qualify, will be settled much earlier, probably as early as this autumn.

By October 1997, it will be clear whether France and Germany, whose participation in Emu is critical for political reasons, have done between Italian and German enough to shrink their pubinterest rates can reduce the lic deficits to 3 per cent of deficit by up to 1 per cent of GDP or thereabouts; most EU countries' should have ernment lifting a finger, says recommendations on which already sending German dipand the financial markets mission official. But a widenwill take their cue.

As one senior French monetary official said: "The deci- whatever new belt tightension on Emu will not tumble ing or accounting wheezes from the sky in 1998," come out of Rome. Another senior official

Tt's official. In just over 12 involved in the preparations munths, most probably for the single currency in the first week of May agreed that the markets 1998, EU leaders will hold a would have their say. Politicians can be relieved of some

> The issue only half addressed in Noordwijk is how to reduce market instathe politicians have lost control of the Emu process.

This is an especially sensiisters and central bankers tive matter for Italy, whose chances of meeting the criteria in 1998 are looking slimmer after last week's less than convincing mini-budget. Italy desperately needs lower interest rates to reduce the cost of serving its huge stock of debt and thereby lower its public defi-

> A favourable convergence one senior European Coming of the spread would sink their choice of countries will Italy's chances for 1998,

One senior official

finance ministers and EU Somehow disappointed coun- is still unclear.

that the markets had been

"deceptively calm" in recent

months. Another monetary

official predicted that the

markets could turn nasty in

the summer as traders began

to second-guess the Emu

More positively, Mr Alex-

andre Lamfalussy, the outgo-

ing president of the Euro-

pean Monetary Institute, the

precursor of the future Euro-

pean Central Bank, said the

agreement on the decision-

wijk could reduce the threat

First, the EMI and the

making timetable in Noord-

selection process

of tensions.

be the same.

Mey, when markets are In Mr Lamfalussy's view, the maximum point of dan-

Waigel (right), with Bundesbank president Hans Tietmeyer, strongly opposes delay

ger is the five-to-six week period between late March and early May when national parliaments and the European Parliament will consider the recommendations for Emu candidates.

One event on the Emu calndar not be missed is the debate in the Bundestag when German MPs consider which countries have met the Maastricht entry criteria. The possibility of Germans voicing objections to an EMU/ deficit by up to 1 per cent of Enropean Commission Commission recommenda-GDP without the Italian gov- would put forward their tion in favour of Italy is

> in late March, It is certain graves:
> their choice of countries will Because the Emil selection process is potentially so Second, the formal deci-politically divisive ministers

involved in the preparations leaders on consecutive days, tries need to be let down for Emu said in Noordwijk probably in the first week in gently - not easy when gov. ernments in Spain and Italy have declared their policy to be "Emu or bust".

Sensing the dangers of this all-or-nothing approach, Mr Lamberto Dini, Italy's foreign minister, recently suggested a 12-month delay in launching Emu. The idea of a "constructive

delay" failed to resonate in Noordwijk. Mr Theo Waigel, Germany's finance minister, made clear that postponement carried heavy economic costs. Ministers preferred instead

to stress the need to strengthen the process of "economic convergence" so So the pendulum is swing-

ing back again. Economics not politics - should drive the Emu project over the sions on these recommenda- and central bankers believe next 12 months. But whether tions would be taken by EU it must be settled early. the politicians are listening

EU fails to build common foreign policy

By Lionel Barber in Noordwijk

Deep divisions in the EU over on human rights have become an embarrassing setback in efforts to human rights in relation to China. build a common European foreign

The dispute has exposed a gulf between larger member states led by France, which are auxious to strengthan commercial ties with China, and smaller countries led by the Netherlands, which holds the EU

The row over China policy cast a shadow over the start of a two-day which is supposed to boost negotia-

conference on Europe's future. said President Jacques Chirac's visit Mr Hans van Mierlo, the Dutch foreign minister, last week wrote to whether to condemn China's record EU colleagues suggesting some were applying double standards on

He sent the letter after France refused to support an EU resolution condemning China at the United Nations Human Rights Commission in Geneva. Tha failure to stand together was a serious setback for the EU's common foreign and secuthe EU's common foreign and secu-rity policy and damaged the EU's ish foreign minister, said at the credibility on the world stage, he

France, with the tacit support of meeting in Noordwijk yesterday Germany, Spain and Italy, argues record in view of the inability of EU that dialogue with China is better tions in the intergovarnmental than confrontation. But diplomats issue.

to Beijing next month and the recent : day that China was actively lobbyalso played a role.

an overall majority, has blocked said one. EU-US efforts to censure China for the past six years. This year, the Europeans, apparently encouraged by the US, took the lead in mobilising support for a censure.

weekend that Denmark had been asked by the US to table a resolution criticising China's human rights foreign ministers to agree on the

\$2bn Airbus deal signed with Beijing ing other countries to block this year's resolution and that it might The 53-member UN Commission, succeed again. "The Chinese are in which developing countries have working like hell to save their skin," The dispute over how to respond

to human rights problems in China is especially embarrassing because it suggests that the EU is having trouble in forging common positions even in "soft diplomacy".
On "hard diplomacy" involving

the use of military force, divisions are equally apparent. Britain and Germany declined to join the Franco-Italian plan for a multinational "stabilisation force" to restore order in Albania.

Spanish labour deal irks employers

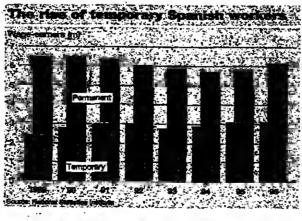
An imminent deal between

Spain's main trade unions and business organisations on new employment rules is heading off the risk of a damaging labour clash. Success in the negotiations, which a few weeks ago were on the verge of collapse, is a relief for the year-old centreright government, saved from carrying out its threat to impose a new law without union consent But employers in Spain's

industrial regions are murmuring that this is not the reform they were hoping for. The outline of the pact, which will limit employers' liability to high redundancy costs, is agreed. Final details are expected to be settled in the next day or two, with a formal signing later in the month, in time for the ann-

ual May I union gathering. "Any advance is positive," says Mr Alvaro Videgain. chairman of Tubacex, a Basque steel-tube company. But opportunities are being lost. There was a good opportunity to bring ourselves into line with the countries we compete with. But in this respect we will still be

Companies in Spain flinch



because the cost of getting rid of them can be prohibitive. Bound by rigid legal procedures - a leftover from the Franco regime - severance pay is among the highest in Europe.

The last Socialist government braved a general strike when it tried easing the rules three years ago. In thecap of 12 months' pay. But in practice most set of all wage-earners.

change this.

unfairness or otherwise of dismissals. Rather than wait, many companies opted simply to pay the full rate foreseen for unfair dismissals.

At 45 days' pay per year, up to a 42-month maximum, this is by far the highest in the European Union. As a result, employers

have turned to short-term ory, companies got more hirings, often six months or scope for "justified" redun- less. Temporary jobs, virtudancies, with standard com- ally non-existent in Spain pensation of 20 days' wages until the mid-1980s, have for each year worked, with a proliferated, and now and other groups with paraccount for just over a third

tlements are much higher. Last year only 4.1 per cent The 1994 reform did little to of all new employment contracts were for full-time per-Labour judges continued manent jobs. The rigid rules no more than 33 days' pay from hiring permanent staff to have the last word on the have also pushed many per year worked, with a

black market, where they enjoy no protection at all. This distortion has been at the centre of this year's union-employer negotiations, aimed at removing barriers to employment, redncing

22 per cent and providing more stable jobs. The two big labour federations, UGT and Workers' Commissions, were firmly opposed to making dismissals cheaper.

At one stage, the CEOE

Spain's jobless rate of nearly

employers' organisation seemed to have decided it would be better to force the government to legislate, without a prior accord. But at government instigation talks resumed after the initial end-of February deadline passed without agreement. The breakthrough came

when the unions produced a new formula for a halfwayhouse labour contract. This applies to people wanting to convert from temporary to permanent jobs, to under-29s ticular difficulties finding employment.

Redundancies made on organisational grounds, even if considered unfair, will cost

workers in industries such maximum of 24 months. At as shoe-making into the the sama time, the reasons an employer can cite to jus-tify redundancies, and therefore pay the lower 20-day rate, are being made clearer. Mr Rodrigo Rato, economy and finance minister, says the deal should give a fresh

boost to job creation. "And it will transmit the message that Spain is open to changes.' The new top compensation rate will not apply to the majority of Spanish wageearners on existing contracts

but is expected eventually to

become the norm. Mr Juan Iranzo, directorgeneral of the Institute for Economic Studies in Madrid, describes the deal as "an important step forward". A more far-reaching change would have been preferable.

he says, but politically risky. The Catalan small business organisation Sefes argues that the reform will actually increase costs in the short term, as people move from temporary to permanent contracts.

Companies will still not know beforehand what it will cost to cut workforces. And the agreement, it aids, makes it difficult for the government to undertake any further change for some

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Zairean

hard line

By Michela Wrong in Goma

Prospects of a successful

outcome to peace talks tak-ing place in South Africa

between the Zatrean govern-

ment and a rebel alliance

looked increasingly distant

yesterday as Mr Laureni

Kabila, the rebel leader.

insisted that all progress was conditional on President

Mobutu Sese Seko's resigna-

uin's former lakeside palace in Goma, the head of the

Alliance of Democratic

Forces for the Liberation of

Congo-Zaire (ADFL) said the

ceasefire requested by an

increasingly desperate gov-

ernment side depended on the leader he described as

the butcher" of Zaire step-

"The aim of the negotia

tions is that Mobuto must

relinquish power, that is clear. That is what we are

negotiating," Mr Kabila told

foreign journalists at his base in the occupied zone.

His hardline stance was in

contrast to his weekend deci-

sion to allow the sixift of

100,000 Hutu refugees stranded south of Kisangani, said to be dying of malaria

and malnutrition at the rate

of 120 a day. After talks on

Saturday between Mr Aldo

Aiello, European Union spe-

cial envoy, and Mr Emman-

uel Kamenze of the ADFL.

United Nations officials yes

terday began organising the

However. Mr Kabila's posi-

tion on the departure of Mr

Mobutu - suffering from

prostate cancer after 32

years at the helm - remains

unwavering. It cast a pall

over the peace talks which

opened in a strained atmo-

phere in Pretoria yesterday,

the first direct contacts

Citing growing concern

about the late of the refu-

gees trapped south of the

rebel-held eastern town of

Kisangani, western govern-

ments last week put intense

pressure on the ADFL to

for international action late

last year, Mr Kabila accused

the international community

of trying to use the referee

issue as a pretext for a

humanitarian intervention.

"It was manipulation of the

situation. They wanted to

accuse the alliance of letting

people die. There are people who have been interested in

(a humanitarian interven-

And Mr Kabila made it

start of the talks in Pretoria

his fighters were doing noti-

ing to brake their advance.

which has left them in con-

trol of a third of the country.

After seizing the diamond

town of Mbuji-Mayi at the

weekend, his forces were

now "very close" to the cop-

the Zairean army, he

claimed that Katangan fighters recruited by Kinshasa to

fight the rebels had swamped

sides and were now in control of Lisale on the Zaire.

river, cutting off the mili-tary's line of retreat west-

wards. The loss of Mbuji-

Lubumbashi represent two

crippling blows for the gov-ernment, depriving Kinshasa

of taxes on intheral revenues

while providing the cashstrapped ADFL with a valu-

Mayi and the expected fall of | end.

tion) since the start."

institute a ceasefire in

five-month civil war. Yesterday, in an implicit

hetween the two sides

Interviewed in Mr Mob-

rebel

takes

Europe urged to business approach

By Stephanie Flander Europe has a grim (mm) ahead if politicians as business leaders fall to bus support for measure to boost competitiveness a foster ludividual responsibility, a survey of Europea business leaders will was

Eurostudy, published h the Performance group, business strategy companies collaboration with Fa tane magazine, is based a lengthy interviews with 5 business leaders from a over Europe in it the respondents join the las list of business groups a others calling for Europe adopt more flexible, USayi approach to business m government.

The language is aporaby tic. Europe is said, vel ously, to be standing a the edge of a cliff to alug out of time" he game" and "about to log a leading position in the world economy. The prescriptions, however, com little that has not alread been endorsed by the Empean Commission and man individual government including mayes in increase labour market flexibilit and increase cross-book competition.

A more novel feature the report is its cophains leadership, or rather it absence. Many of the me ments of respondents a chief executive officence presidents of leading Empean companies, referi steep frustration with pile cians' failure to rally pair 🌲 support behind this, or m other vision of Europe Autare.

The report says the dead the Single Market is a logister sufficient" for her Kurugwans, while effort t replace it with the time! a Europe of one cums have failed. Leaders are: to be wasting tremess amounts of energy mhort-frem, crisis man ment to solve the sens of Europe's problemite roof causes are been

addressed" Surptisingly, the cortives endorse Empz Commission proposite pp ordinated invising? transport and telecomme entinus infrastructure. the applied of the report. Termis in Living of reduce the state's role in regular industry and providing & prema social hearing

The report claim ! growth of the size of the state throng the second El of the Lord century is brought a decline in @ mounte freezient it sate for bean examplifitter ale me paying a prace in the glass market place for the lack freedom, program on that third of the open our nion had a smaller turner ter reiter than in 1980 The care, pessions? refreshed in the reals of

College title and the of bright Benta white should men there are quite of teleg Antis rejuded the Emple sammerelle ter i tem paintal want of late while it store to What we the come 2000 The company COMPARISON CONTRACTOR Committee of the contact Fee of the receipt national transferred married Chorn set a company in the SPREAM | I was a briefe freiter the take three coming the funded to the most but and

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NEWS: INTERNATIONAL

US faces hard Israeli-Palestinian choices

Judy Dempsey and Bruce Clark on whether to patch up the Oslo accords or go for 'final status'

breathe fresh life into a critically ill Middle East peace process, it faces a pard choice: whether to press on with the intricate procedure launched in Oslo four years ago, or take up the Israeli proposal of early talks on the region's "final

Getting the procedure right could make the difference between success and disserves fribre, diplomets

Under the Oalo proces which has gradually pe from Norwegian to US tust-lage since its terms were clarified in 1995, talks on the final terms for Israeli-Palestinian coexistence are supposed to come towards the end of a complex web of

At the last count there were at least 34 separate

already forced US negotia-tors to involve themselves with the finest details of

80 die in

Algerian

massacres

Algeria has suffered one of

its bloodiest outbursts of

violence during two days of

slaughter which left around

80 civilians dead, two Alge-

rian newspapers reported

Killers armed with ares

and Kalashnikov assault

rifles attacked villages to

the south and south-west of

Algiers last Thursday and

Friday, the El Watan and

In one of the worst single

attacks of Algeria's five year

killed in the village of

Thalit, 45m south-west of:

Algiers: In a separate attack

were hacked to death.

The assailants broke into

seven bouses and cut no 15

people, including seven

with a chainsaw," said one

witness. My neighbour bid

under a car but was spotted.

They set fire to the vehicle

and he couldn't get out. He

died there," the witness

A third attack took place

Onzou province, 60m east of

Alglers, where it was reported five people had

their throats cut. Another

attack left four members of

the same family dead with

their throats cut near the

west of Afgices, while

east of Algiers.

The apparently co-ordinated attacks may have been in response to the deaths of up to 100 guerri has attached to the death with the becarity to the death with the becarity to the death with the becarity to the death of the

The security forces have launched several several against cells of the armoil militant groups, in an effort

FT

mear The Other last

to encourage the co

cest of Aigiers.

Liberté

ment, which statted calling at Amrouses village, 30m

clear that in spite of the at Sidi Nasmane, in Tizi-

per capital of Lubumbashi, another bout of slaughter approaching on several left car drivers dead after fronts, he said.

In an additional blow for at Beni Silms

civil conflict, 52

By Mark Hoband in Cairo

issues outstanding in the issues outstanding in the Osio process, - ranging from the freeing of prisoners to the opening of a part and amport in Cara, and the areation of a couridor between Gaza and the West Bank.

The need to shore up the Osio properties has Oslo negotiations has

s the US struggles to ple, January's US-brokered refusing even to begin these Israeli troops from Hebron lays down to the nearest metre the width of pavements which should be constructed on a particular

The latest US-sponsored agreement on procedure calls for final-status talks, covering Israel's borders, the fature of Januariem and the fate of am Palestinian refu-

es, to be concluded by 93. The Palestinian side is

hitterly contested Har Homa settlement project for Jews in east Jerusalem. But Mr Benjamin Netan-

yahu, the Israeli prime min-ister, is seeking US support for an all-out effort to reach a final peace within six months - possibly culminat-ing in a make-or-break nego-Comp David talks of 1978.

Supporters of the proposal accord on withdrawal of talks on grounds that the argue that unless the peace Israeli side is creating new process is accelerated, the US will continually be called facts on the ground with the in to light diplomatic fires. Some observers believe that regardless of who leads

Israel, the Oslo process was always destined to become harder for the US to sustain as it dealt with ever more sensitive issues. "We have reached an impasse because of the logic of the conflict," said Mr Mertin Kramer, a political adjustist at Tel Aviv

University. "It is about dividing territory." In recent days, US officials

have stressed that they do not regard the Oslo process as dead — but they have also hinted that they are about to launch a spectacular new initiative, which may include a new approach to procedure.

card, it may be the fact that both sides need US help to enable them to break out of

nace process while Mr Notanyahn makes to power and instead opied to way to break out of the cur-rent danflock, US and Israeli analysts believe.

As a minimum, the US must search for ways to boost Splestinian confidence

Netanyahu cannot back down over the Har Home project because his national-ist coefficien partners would desert him, and he would be som to have caved in to Palestimian pressure and vio-

Nor can Mr Yassir Arafat. the Relestinian leader, soften his apposition to the Har Homa project, given the es support he has won over the issue through-

of the Arab world. If the US can find the right formula for final-status talks, and sees a good change of success, it may use the new procedure as a

to find a way of assuring the talks are more than a trick for looking in Israel's current advantages on the ground or for avoiding the israel concessions that are

- for summple, by securing the equatraction of more Architecture in Jerusalem, or



Networks: can't back down

A western diplomat in israel said the Palestinians could be left with "no bergaining chips" if the US insisted on final-status talks that simply hy-passed the Oslo process. Washington's credibility in Palestinian eyes had been undermined by its veto of a UN resolution criticising the Home project.

Mr Kramer predicts that "when push comes to shove, the US will go for finelstatus, but only if it is cer-tain it is achievable."

Whether the US is pre pared to embark on that high-risk strategy should smerge rapidly from this week's visit to Washington

MOUSSA INSISTS ON A BALANCED FORMULA

The whole Middle Rast will be destablised states the US gets Israel to accept a balanced formula for resuming peace pegotiations with the Palestinians, which must include a freeze on all Jewish settlem building in occupied Arab east Jerusalem and the West Bank, according to Mr Amr Mouses. Egypt's foreign minister, David Gerdner and Mark Hobard write from Cairo Mr Mauses, who is understood to have been in close contact with Mrs.

leine Albright, US secretary of state, said in an interview with the FT: "I trust that the Americans... will ne up with a balanced formula." "H this formula doesn't command

would be "very serious problems". Failure would "lead to destabilisation throughout the region "and would be

In common with other pro Arab regimes such as Jordan and Sandi Arabia, Egypt fears that continuing acraen colonisation of Aras Jerusalem, hely to Moslems as well as Jews and Christians, will hand the initiative to Islande fundamentalists. "If we leave [the issue of Jerusalem]

other people will take it in their hands, with violence, and that wun't he confined to this region." The 22-nation Arab Laugue last week aling that Washington has

completes the Israeli enclosure of Arab as the last stage of the Osio posce framework agreed in 1983. Hr Moogen said Egypt would back a mooted US plan to move new to talks on "final status" issues – which apart from Jerusalem include settlements,

try to me

ry to sumage the crisis. The crisis centres on the Her H

onth-nest Jernseless, because it

mt at Jahel Ahu Ghnehu lu

borders and Palestinian refugees – US mediation established fair conditions including a helt to Her Home and all settlement building, and ing Israell troop redeploys

decided in Cairo to start rolling back progràfic en transport linies for Gigia. diplometic and trade links with Israel. the support of everybody in the region from minute one," he said, then there abandoned hope of advancing the by Mr Netanyahn.

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US link in HK immigration fraud probe

By John Ridding in Hong Kong

The senior US immigration official in Hong Kong and his wife are under investigation in connection with a probe into visa and immigration fraud, officials said yester-

A statement by the Independent Commission Against Corruption (ICAC) confirmed it was carrying out a joint investigation with the inspector general of the US Justice Department into allegations of corruption and abuse of authority. The case concerns Mr James DeBates, the acting officer in with the US immigration depart- Kong.

grants from China to the US. Last year, a senior US immigration official was imprisoned for 40 months after being arrested in Hong Kong in possession of forged

change of immigration and natur- ment in Hong Kong. He was alisation services (INS), and his wife Heddy, a US citizen of Chinese tional network selling Honduran origin. Although officials in Hong passports to citizens of Hong Kong. Kong declined to provide further Macao and China, enabling them to details, it is thought to involve a travel and settla in the US. widening international probe into the smuggling of illegal immi-

A spokesman for the ICAC declined to comment on whether the investigations were connected and whether the probe into Mr DeBates concerned the smuggling of Chinese immigrants to the US. Ha said the inquirles were continu-Honduran passports. Mr Jerry Wolf Stuchiner, then head of the INS in ing and were being conducted the full knowledge and co-operation of Honduras, had previously worked the US Consulate General in Hong

Mr Stuchiner is reported to have dissidents to flee from China. requested recently to be transferred from his prison to ICAC cus-

Mr Stuchiner is said to be helping officials with their probe. His transfer, at his own request, could reflect concerns that he might face additional punishment or be forced to reveal confidential information after the return of Hong Kong to Chinese sovereignty on July 1.

At his trial, Mr Stuchiner testified that ha had been part of Operation Yellowbird, a covert operation which helped political

According to Hong Kong officials, Mr DeBates was questioned by the ICAC and released. His wife was interviewed hecause of sus-pacted involvement in Mr DeBates's duties and was released

on bail last month. The smuggling of illegal immigrants from Asia into the US has been a growing concern for Wash

Estimates indicate that several thousand illegal aliens are smug-gled into the US from Asia each year, in an illicit trade worth more than \$2bn each year.

lines could run contrary to

tion laws. That, in turn

could generate more lengthy High Court action - and,

probably, international criti-

At a more pragmatic level

legal extinguishment could

expose the federal govern-

ment to large compensation payments. As Father Frank

Brennan, a Jesuit priest and

lawyer closely involved with

land rights, put it recently:

"Potentially, you're talking

about 40 per cent of the free-

gestion is that the rights of

pastoralists and native title

holders could be spelt out -

or "codified" - so that both

The main option is to find

hold value of Australia".

makes a Hanoi big pitch

By Ted Bardecks in Bangkok

That authorities will today mount a big effort to regain international investor confidence in their battered economy when they begin a fourday US road show to launch a \$500m Yankee bond.

Led by the finance minis ter, Mr Amnuay Viravan, and the central bank governor, Mr Rerngchai Maraka-nond, the officials will seek to convince investors that ture the debts of failing property developers and provide liquidity support for ailing financial institutions have eliminated the risk of short-term financial meltdown - worries that were

endemic just a month ago. At the same time, they will argue that long-overdue structural changes to the Thai financial system and economy, beginning with last week's plan to merge most of the country's finance companies, are being pursued.

Proceeds from the bonds, underwritten by Lehman Brothers and Salomon Brothers and likely to be issued in two tranches of 10 years and 30 years, will go towards funding the investment needs of state-owned enterprises. Standard & Poor's rates Thailand's long-term sovereign debt single-A in a rating that was

reaffirmed just last month. But Mr Amnuay says the advantage of launching the bonds now is more intangihle. "There's been a lot of headling news lately, good and bad," the finance minister says. "If we want to convince the market that they should invest in Thailand, then we should go out and

talk to them." If the bonds are launched at an acceptable price this may encourage That state enterprises to return to international markets on their own, using the funds to retire local currency

Thailand Rubin in to sign for bond | debt deal

By Jeremy Grant in Hanoi

Mr Robert Rubin, the US treasury secretary, is expected today to sign a debt rescheduling agreement with Vietnam under which Hanol will repay Washington \$145m owed by the former South Vietnam to the US. Mr Rubin, who arrived in Vietnam's capital last night on a two-day visit, is Wash-

ington's highest ranking official to visit since Mr Warren

Christopher, former secre

tary of state, opened the US embassy in Hanoi in 1995. The trip comes as the two former enemies are edging closer to full economic normalisation, in spite of decades of enmity following

the Vietnam war. Hanoi agreed to assume the debts of the former USbackad Saigon regime in 1993, when it committed itself to repaying a raft of other multilateral debts. The Saigon debt stems from soft loans used to pay for roads, power projects and grain shipments at the height of

the conflict. The signing is yet another step ln a dalicate process that has sometimes frustrated Hanoi, which feels the pace has been too slow.

Hanoi is eager for Most Favoured Nation trading status as this would unlock the huge US market to its exports, easing pressure on its ballooning trade deficit. Officials say that could hit \$1.1bn in the second quarter of this year, after reaching \$4bn in all of 1996.

· A report in the semi-official weekly Vletnam Investment Review said yesterday that Chrysler, the US carmaker, was pulling out of Vietnam. It said Chrysler would announce its withdrawal from a planned \$192m vehicle assembly plant this month. Although no reason was given, analysts suspect it is because of overcrowding in the market, which they say is too small to sustain 14 licensed foreign vehicle makers.

ruling raises heat in the Out

ing a conference room in Rockhampton, heart of Australia's beef industry, struggle to under stand wbether Aboriginal land claims may affect their livelihoods.

Their questions are practical, anxious - and, in many cases, unanswerable.

Could land be claimed on the basis of a spiritual association, rather than physical occupation, asks one farmer at the meeting. Will their livestock have unfettered access to water courses and stock routes, asks another.

Sucb uncertainties have ricocheted roond the Australian busb since late December. That was when the High Court, Australia's peak judicial authority, handed down a surprise ruling that land over which a pastoral lease had been granted could still be subject to a successful native title claim.

About 40 per cent of Australia's vast land mass falls into this category, and the agricultural sector employs about 380,000 people. So, for the first time since the country began to develop a land regime acknowledging Aboriginal occupation, many "ordinary" Australians would be affected.

The subsequent furore would be hard to overstate. Politically, it has threatened to divide the federal coalition of the National party, with strong "Outback" roots, and the more urbanised Lib-

Mr John Howard, the

Cattlemen in Australia fear for their livelihood after a controversial High Court judgment in favour of Aboriginal rights. Nikki Tait reports



Dalume 1992: Figh Court rules that Americalists
 common law recognises retire this where
 indigenous peoples have maintained their
 connection to the land
 Dec 1993: federal partiament pleases the Native Title Act, settin
 up procedure for processing native title claims, and seems to
 imply that native title claims cannot exceed on freehold land.
 Situation on destinal lease land is impleat.

 Court 1995: Directiviti people are recognised as retire title backs.

Situation on destoral seasonance auroses:

Geoch 1986: Designant people are recognised as native title holders on a 12.4 hectary place of former Crown land in Wew South, Wales - that recognition of matter title on Australia's mainland. The 5.000 strong congutarity is paid A\$738,000 for returning part of the land to the state government, for housing development.

Geoch 1998: four outsof sevent high Count Judges say that native title one co-exist with pastonal beaus.

clarification of the government's stance on his return from a visit to China. He has described the issue as the hardest encountered during his first year in offica "because it involves a clash prime minister, promised of passionately held views". Act, passed four years ago.

The High Court's ruling made in the context of claims by the Wik and Thayorre peoples over land in northern Queensland stems from imprecisions in tha landmark Native Titla

This swapt away the notion that Australia was uninhabited before European settlement. Instead. Australia's estimated 270,000 Aborigines were given a procedure for asserting native title rights.

At the time, politicians suggested that claims would probably only succeed on vacant "Crown" land. But the act was less precise about where claims could be lodged. In particular, it did not clarify whether the past grant of a pastoral lease automatically extinguished native title rights.

Farmers took comfort from a preamble to the act. which seemed to bracket pastoral leases with freehold land, suggesting that both were immune to claims. For about 18 months, Australians generally worked on this assumption.

But, in reality, Aboriginal communities had retained the right to test the issue in the courts. "The truth is that we insisted with the federal government that we have our day in court with respect to co-existence" on pastoral leases, says Mr Noel Pearson, an Aboriginal lawyer and one of the main negotiators in 1993.

The Wik claim became the test case. It was referred to the High Court, which scrutinised the history and

nature of the leases and decided that these did not Australia's racial discriminagive their holders exclusive ssion of the land. That, in turn, meant that native title could co-exist - and Aboriginal claims over such land could be registered.

Many Aboriginal activists think the subsequent furore is an overreaction. The ruling does not mean pastoralists risk losing their land, for example. The High Court was also emphatic that pastoralists' rights should take precedence over native title bolders if there was any

But, at a practical level, an agreed solution. One sugthe farmers' anxieties are more understandable. The ruling does raise questions over just what they can do on their leasehold land withont consulting Aboriginal claimants - and vice versa.

And it is not just pastoralists who are affected. Many potential mining projects are also situated on pastoral lease land. Some companies had hoped that if pastoral leases automatically extinguished native title, they, too, would be spared the time-consuming "right to negotiate" procedures set

out in the Native Title Act. The federal government's task is to resolve these uncertainties - and it is not proving easy. The National Farmers' Federation maintains that federal parliament should simply overrule the High Court, and say that pastoral leases do, indeed, extinguish native title.

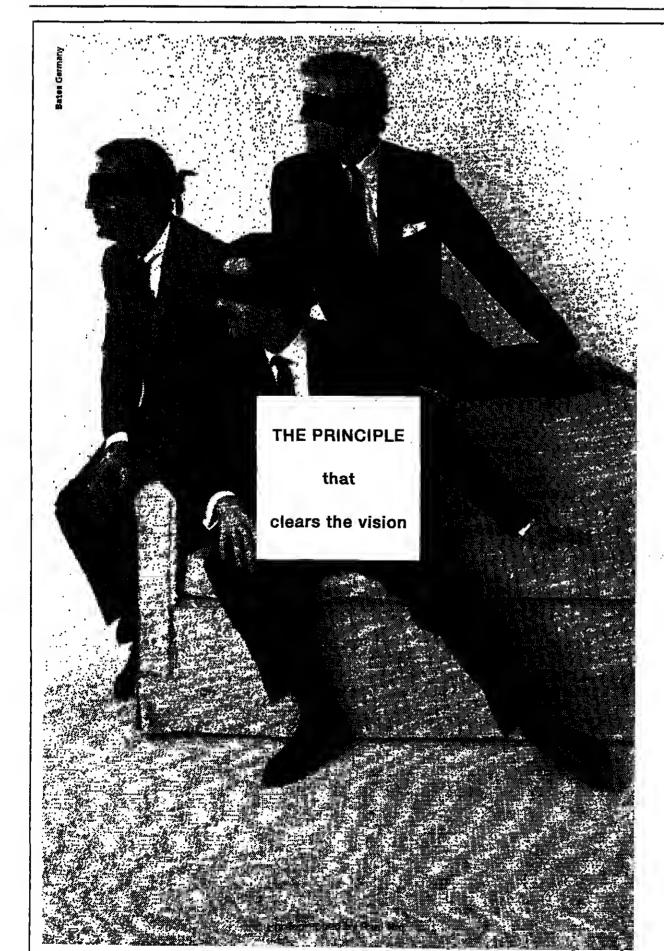
The problem is that federal legislation on these

sides know what actions are automatically permissible (building dams, say, or visiting sacred sites). Anything beyond these parameters would be subject to negotiation or court determination. Legislation to

tighten up the workings of the Nativa Title Act planned before the Wik decision - would also go ahead. At a political level, the prima minister has hinted that this is his preference, a stance which wins tentative Aboriginal support. Mr Pearson, for example, accepts that operational aspects of the act could do with some

ing grievance."

improvement, hut is emphatic that racial discrimination principles should not be breached. If they are, he warns: "That small point will be a source of everlast-



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is rooted in the classic DG BANK is ideally positioned to help tradition of the cooperative system link-

business gain a clearsighted view of the ing equal business partners. And it has

complex Euromarket. And with a presa great future. Because it exemplifies ence in the world's major regions of ecocentral idea of partnership: mutual

nomic activity, it offers local expertise cooperation leads to mutual success

The trip comes as the two

former enemies are edging closer to full explanate nor mallention. III spite of decades of county following the Vietnam war Hanci agreed to assume the debts of the former US macked Saugen regime in 1993, when it committed twelf to repayment a raft of ther mululatural debts. The saigon debt steues from soft oans used to pay for roads cower projects and grain shipments at the height of he conflict. The signing is yet another

tep in a delicate process

hat has sometimes frus rated Hance, which bels the nee has been too slow Hanor is eager for Most avoured Nation trading staits as this would imlock the tige Its market to its stimula Custilli literente on is lucklengerm: tracke defice Micials say that could be i This in the propert quarter I this year, all r reaching 4bm m all of teac 🖟 🐧 report in the semioffi

and workly Variant layer. settl Review and vesteral had Chrysler, the US car taker, u.e. pulling out of letnam. It was Christdiv en concentio blure THERE THERE ifform Colored assembly barre thire streetly Althouse KIR AU-16-97 C to Installed gerty restation, and the quest high they can be too such s was larger to the means from a Mate des 1953 have

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MDAY APRIL 7 1997

eading companies in the personal compnter industry will this week launch a broad mitiative to steer digital television pictures on to PC screens. They plan a new generation of hybrid products that combine digital TV with the PC and the Inter-On the heels of last week's decision by the US Federal

Communications Commission to give digital broadcasting licences to US TV stations, PC leaders including Compaq Computer, Intel and Microsoft see an oppor-tunity to dominate the next generation of home enter-

sion of news or a sporting event or a sitcom," said Mr interesting statistics.

Robert Stearns, Compaq The PC industry initiative Computer senior vice president. Computer graphics and Internet style interactive information would be embedded in digital TV sig-

nais, he predicted. The FCC plan salls for the
"We believe consumers
will want to mix different ABC, CBS, NBC and Fox kinds of computer information with traditional video."

Getting set for digital future



Manufacturers are in favour but, Louise Kehoe asks, will consumers go digital?

reach all US viewers within

the next few years and tradi-tional analogue transmis-

sions would cease by 2006.

means an average invest-

ment of \$8m by each local

.TV station to acquire new

cameras, editing, recording

and transmission equipment.

Operating costs will also rise

when broadcasters will need

to offer both analogue and

Although US TV networks

digital services.

For broadcasters thie

"Our vision of the future for example, might look up of digital TV is much more than a high-resolution verthan a high-resolution verthan who won the event in previous games or find other

comes even as US TV broadcasters are still mulling the challenges of meeting the FCC's deadlines for launching digital TV services.

to begin transmitting digital TV signals in the 10 largest Mr Steams said. Somebody US cities within the next 18 welcomed the FCC decision tape recorders. Today's watching a sporting event, months. Digital TV would last week and vowed to antennas and satellite dishes

as fast as possible, practical problems such as the need to mount new digital broadcast internas are likely to cause delays in some cities. Cable TV companies will

also, play a critical role in the introduction of digital TV. They too will be forced to invest in new digital equipment and face a difficult transition period.

The big question, however, is how consumers will

respond to the advent of digital TV. Initially, digital TV sets are expected to cost more than \$2,000, versus \$800-\$500 for a standard TV set today. Prices will come down as the market grows, the Consumer Electronics Manufacturing Association trade group predicts, but how far and how fast remain matters of conjecture.

et-top boxes, costing \$150,5800, that convert digital into analogue signals will prolong the useful life of existing TV sets. But to take full advantage of digital TV with its enhanced picture and sound qualities, consumers will have to replace their TVs and video-

bring digital TV to viewers . will also become obsolete. For consumer electronics manufacturers, digital TV could be a sales bonanza.

However, they face slower sales if consumers postpone new purchases as they want for digital TV sets to come

But for the computer industry the advent of digi-tal TV is an immediate opportunity. Already, com-Hewlett-Packard are touting equipment and services for creation and broadcast of digital TV.

PC manufacturers and their suppliers siso stand to make his gains if they can combine the functions of a PC with those of a digital TV set. But this will depend largely on the standards adopted for digital TV transmission. Convergence of the con-

sumer electronics and PC industries is now "inevita-ble", said Mr Schhard Pfeiffer, Compan chief executive. The home entertainment systems of the future must marry the best of television with the best attributes of the PC and the Internet. FT Guide to the Digital Versatile Disc, Page 8; Media, Pages 12-13

Coming to your screen: DTV Brazil warned of WTO probe into car tariffs

The European Union has threatened to call for a World Trade Organisation investigation into Brazil's tariffs on cars if Brazil

Sir Leon Brittan, BU trade commissioner, raised the for a tariff-cutting agreeprospect of calling for a ment between the EU and WTO panel on a visit to the Mercosur, the four-nation Brazilian capital in an trade grouping of Brazil, attempt to increase the pressure on Brazil to reform its controversial vehicle regime, which has already prompted formal complaints to the WTO from Japan and the

"We are not satisfied with what we have been offered," Sir Leon said after presenting the new proposals. "If we continue not to be satisfied the resort to a panel would be the natural step."

Brazil raised the tariffs on car imports from 32 per cent to 70 per cent in March 1995, but later reduced them to 35 per cent for manufacturers who produce in Brazil. Partly as a result of this pol-icy, Brazil has received over \$10bn of pledged investment from foreign manufacturers

into its motor industry.

Diplomate, say

is unlikely to have a sub-

Any formal discussions at the WTO would take several years to complete, by which time Brazil has already agreed to reduce its tariffs. Sir Leon said the EU was still analysing the potential

Argentina, Paraguay and Uruguay.
On a recent visit to Brazil,

President Jacques Chirac of France called for a summit of EU and Mercosur leaders next year.

The Brazilian government complained to Sir Leon about the KU's tariffs on coffee imports, which Mr José Alfredo Oraga Lime, head of economic affairs at Brazil's "isolated discrimination". The EU has reduced coffee world, however dramatic was the progress length was the progress lengthing drug traffichers.

The EU did announce a

Sir Leon rejected criticism that Brazil's trade deficit with the EU, which was over \$1bn last mear, was the result of high tariff barriers. The real cause of the prob-the lem is structural," he said, that brand name.



Brittan: 'Not satisfied with

related to Brazil's history of foreign ministry, said was state control, over regulation

reduction in the import tariff on Brazilian sixal, but complained about the sale of alcohol in Brazil under the name "cognac", which it said did not qualify to was

Tobacco industry set for trial

By Richard Tomkins in New York

The US tobacco industry suing for damages.

The case is regarded as critical because it is the second to be brought by Mr lawyer who unexpectedly won \$750,000 in damages for a landmark award by a Florida jury last August.

industry and pounded ciga-retta companies' stock ingress US tobacco company. Analysts say the outcome of the trial is difficult to preprices, because no US RJR as a defendant, to keep as a clever lawyer, but the they possessed about the is going wonderfully well tobacco company had ever the case simple. He is expect tobacco industry is better harmful and addictive previously paid out damages ted to argue that RJR could prepared for his tactics than nature of cigarettes.

brought by a smoker.

Benson & Hedges, a brand

In the trial opening today, adequately warn of the Ms Dana Ranlerson is string addictive nature of eigafaces another crucial trial R.J. Reynolds Tobacco, the rettes or the health risks today with the opening of a second biggest US cigarette associated with smoking.

court case in which the sismaker, on behalf of her sismaker.

of lung cancer aged 49 in been well known for decades and that Connor was fully. Conner is said to have aware of them when she admission by Liggett, the started smoking RJR's Win- took the decision to smoke, smallest US cigarette com-Norwood Wilner, the Florida ston cigarettes at the age of The company will also point pany, that smoking is addic-15 and to have smoked up to to evidence that she quit three packs: a day of RJR's smoking at the first attempt an ex-smoker and his wife in Salem cigarettes for about 20 in June 1983 before her can believed people took up years before switching to cer was diagnosed, supposedly undermining the claim That case sent shock manufactured for the US that she was addicted.

arising from a lawsuit and should have developed a it was in last August's trial, safer cigarette, and did not when it was seen as having mada mistakes. (Brown Williamson Tobacco, which lost that case, has appealed.) However, the climate for

RJR is likely to argue that litigation has taken a turnter of a lung cancer victim is ter, Jean Connor, who died the risks of smoking have for the worse from the tobacco industry's point of · view following last month's tive and causes cancer. Juries who previously

smoking with a full knowledge of the risks involved may start to take a different view if shown evidence that tobacco companies deliberately concealed knowledge

Bitter Castro admits problems By Pascal Fletcher

Cuban President Fidel Castro, bitterly acknowledging that "certain forms of capitalism" now exist in Cuba, has warned his people not to expect fast solutions to the island's economic and social problems.

In a sober speech to a Communist youth meeting on Friday night, Mr Castro said the country's leaders should evoid raising false expectations about the pace of economic recovery. "We have to be very careful about our speeches and very careful about encouraging the Illusion that everything

He added that the Communist-ruled island still faced a long hand to beat the recession triggered by the collapse of trade and aid ties with the former Soviet bloc. The tightened US econom

also hindering recovery efforts, he said.

ery prospects in 1997, predicting growth of 4-5 per cent in gross domestic prodnct and increased revenues from tourism, nickel production, fisheries and tobacco exports.

Mr Castro said that while the Soviet bloc existed, Cuba had lived in "a crystal vase... [in] the strong and in Havana.

ism". "We were pure," he said, but "the vase broke", and Cuba was now forced to live "surrounded by con-

embargo against Cuba was gnised distaste reform measures the government had been obliged to take over ally upbeat in public about of hard currency use, some the island's economic recovery prospects to the seconomic recovery prospects to the the last few years: opening vate self-employment. "We certainly de have certain forms of capitalism inside

here," he noted. Mr Castro said the authorifies should urgently confront growing levals of crime, illegal economic activities and social problems such as overcrowding



Castro: 'We were pure but



Labour toughens its policy on IRA

By John Murray Brown in Dublin and

Lahour, the main opposition party, yesterday tougheoed its policy towards the Irish Republican Army after the postponement of Saturday's Grand National. The famous horse race was called off after homh threats were made by a caller using recognised IRA code words.

The Labour and Conservative parties made clear yesterday that last week's IRA bomh threats and attacks in England had made even more remote the prospect of Sinn Fein, the political wing of the IRA, joining talks about the constitutional

future of Northern Ireland. Aides said the party leaders were determined not to allow the IRA to prevent them from getting out to meet voters. Security has been discreetly stepped up. and the venues of the leaders' "walkahouts" are oot The general election campaign

Although condemnation of the Aintree bomb threat was robust oo all sides, the Conservatives stepped up accu-sations that a Labour governmeot would he soft on

Mr Jack Straw, shadow home secretary, said a powers" to bolster the fight against terrorists if required hy the security services.

But Mr Michael Howard, home secretary, said Mr Straw had contradicted Labour policy. The party has refused to support the renewal in the House of Commons of the Prevention of Terrorism Act for more than a decade, although it has abstained rather than voted against since 1996.

"If Lahour now recognise the value of these powers, minister, wby is it that Mr Blair [the described the

ment, has oever voted for them?" Mr Howard asked.

Mr Straw spelt out Labour's conditions that the IRA would have to take deed" that they had aban-dooed violence, and ahandoned preparations for violence, such as targeting and surveillance operations.

"The reality is the IRA is Lahour government would hack at war hecause the cooslder "extra legislative" British would not accept our hack at war hecause the mandate to be in talks," said Ms Rita O'Hare, head of the Sinn Féin press department in Duhlin.

Senator Edward Kennedy. in an article in the Duhlinbased Irish Times oo Saturday, said that if there was an immediate IRA ceasefire, the US administration would pressurise any incoming British government to get Sinn Féin to the table. Baroness Thatcher, the

former Conservative prime

"We would suffer every sinyesterday gle regulation that the Euro- London. Even now, they are and our government

vative election candidates in prime minister, John Major,

Still in the fray: at the age of 80 Sir Edward Heath (left) is again standing for election in the seat to the east of London that he has held without interruption since 1950. Sir Edward, Conservative prime minister from 1970 to 1974, is a fervent pro-European under whose premiership the UK entered the European Community. He has not beld government office since losing the leadership of the party to Margaret Thatcher in 1975. But Douglas Hurd (right), who was political secretary to Sir Edward during the latter's premiership, is leaving politics at this election at the age of 67. Mr Hurd has been deputy chairman of

NatWest Markets since retiring as foreign secretary in 1995. plans to sign Britain up to would wish if Labour was majority voting and reduce the EU social chapter as allowed to get its way," she the power of the veto. That socialism by the back door. said at a meeting of Conser- is why we must see our

Europe dominates only in the minds of politicians

The UK election has threatening, for the very surexacerbated the controversy on Europe. But the British are not different from their Continental cousins in being nationalists.

Just like the French, the Germans or the Italians they tend to see the grass greener and more often drier alsewhere. Seldom in recent such an obsession with unsympathetic jargon the outside world - in this case the rest of Europe - as in the run-up to this elec-

ing more important, or vival of the UK than its relations with the European Union, Emu and the single currency. They define themselves in terms of Eurosceptics or Europhiles, Europe is

assailed as if it were the

devil itself. Yet, if a foreign correspondent such as myself manages history have we witnessed to muddle through the uttered by a number of Eurosceptics and to reach the people, a rather different

CONTRACTS & TENDERS

country appears. Politicians and the media The British might not like nel. And often some of the

many in the rest of the dogne before returning home EU. They cherish their and playing the "E" card for Britishness above all - who conld blame them? Yet they remain as welcoming and open-minded as

Behind the opinion polls. which show that opposition to Brussels bas barely increased since the 1975 referendum on whether the UK sbould remain in the European Community, I bave sensed people who do not share the deprecating attitude towards whatever originates from across the chan-

political purposes.

They raise a question

about the efficiency of Eurosceptic propaganda. For the Tory party, such a direction looks suicidal. Not because I am day-dreaming about a utopian Britain, but because British voters appear more preoccupied hy immediate issnes such as education, health, law and order, employment sleaze.

Posturing about Europe is not a magic wand that can clear away other worries from the mind of the average

Europe's institutions; nor do most vocal relax in the Dor- voter, Labour seems to have they do not impinge on understood the issue better; affairs of state or break the Europe is too divisive, and it fact. The spin doctors have done their job.

But what is noticeable in Labour's strategy is its obsession with marginal voters. It looks as if tens of millions of voters do not matter. as party propaganda is aimed at the odd ones who might switch away from the Tory fold. They have to be pampered, cocooned, reas-Sured that nothing is going to change for them, that Blairism is nothing more than Thatcherism with a

human face. Yet these people will be the first to stand. desert Labour at the earliest hint of a monetary, social or European shudder. Not much seems to be done to pamper the rank and file. those who queue at the polling booth to make Labour win or stay at home to help

The way Britain looks at sleaze never ceases to surprise me. How can one be so obsessed with personal misbehaviour when it comes to sex and not with the way political parties are being financed?

Private problems should remain private as long as

law; the sex life of a polidoesn't pay to highlight this tician should remain his or her own. But the way parties fill their war chests should be open to permanent

> scrutiny. Finally, too much has been said about the similarities between the two main parties. But on Europe and the constitution the gap is yawning. For a Frenchman brought up in a centralised country, the opposition to Scottish or Welsh devolution which, after all, does not go much further than for our local authorities (departements) is difficult to under-

If the Tories have been daring - sometimes too much perhaps in their economic and social experiments - how could they be so tame when it comes to political reforms? How long can an economy of the 21st century thrive under a 19th century constitution? The author is London corre

spondent of Le Monde More news of the election campaign can be found at the Financial Times website UK NEWS DIGEST

Anglo French power link up

British Energy, the privatised nuclear power group, and the French energy group Elf are expected today to announce an investment in a gas-fired power station in north-east England. The announcement is expected to concern Humber Power, the Humberside power station. Four investors already have stakes in the £796m (\$1.27bn) plan to hulld a 1.200MW power station. The four are Midlands Electricity, the English regional

power company taken over by two US groups last year.

IVO of Finland, ABB, the international engineering group; and Tomen, the Japanese trading company.

British Energy confirmed yesterday that it had been in discussions with Elf and said that its expansion plans could include "entering into partnerships where appropriate". It added: "We are a cash rich company and we are looking to invest that cash".

The announcement of the Humber Power project at the end of 1994 came as a hlow to the UK coal industry, which had hoped that an agreement between the regulator and generators to peg prices in the wholesale power pool would diminish the attraction of other fuel sources. The Humber Power station could displace an estimated 3.5m tonnes of coal a year.

■ GAS PRICES

MMC to hear from regulator

Ms Clare Spottiswoode, the gas industry regulator, is to give evidence to the Monopolies and Mergers Commission tomorrow, the week before the MMC's report into prices charged by BG, formerly part of British Gas, is due to be finalised. But there is a growing belief in the industry that the MMC is likely to give some concessions to both sides in the prices dispute, which was referred to the MMC in October.

Most speculation has focused on the important interrelated issues of the value of BG's pipeline assets and the treatment of depreciation. Ofgas has argued that transpor tation charges should be cut by 20 per cent this year and by 2.5 per cent annually thereafter. If the MMC agrees, domestic gas bills will fall by £30 a year on average.

BG, which operates Transco, the regulated pipeline monopoly at the beart of the investigation, claims the Ofgas proposals will cut average annual cashflows by at east £400m and that it will cause large-scale job losses. Speculation that the MMC has rejected some of Oigas's proposals and favourable research notes from City analysts, have helped lift BG shares. Lex. Page 18

■ ENGINEERING

BAe to hire 'elite' graduates

British Aerospace is setting up a scheme to hire a new breed of elite graduate engineers from two of the UK's leading universities at salary levels 50 per cent higher than average. The project marks an ambitious effort by one of Britain's biggest manufacturers to attract top engineering brains at a time when rival job offers from fields such as accountancy and banking are increasing.

BAe will take on about 10 engineering "super gradnites" this summer from Cambridge University and London's Imperial College. They will be paid a starting salary of about £20,000 (US\$32,000), well above the £14,000 aver-

■ WATER INDUSTRY.

Desalination projects to be tested

Several privatised water companies are preparing to test desalination projects in southern and eastern Pagiand. "It is no good dismissing desalination as too expensive," said Anglian Water, the biggest of the privatised water groups, yesterday. "We need to know more about it."

A team led by Mr Peter Matthews, Anglian's technology and innovations manager, had come up with innovative technology that would be evaluated and costed by a pilot plant to be built on the coast of eastern England. Southern Water has also decided the time is right for a pilot scheme. Financial Times Reporter

HUNGARIAN PRIVATIZATION

ANNOUNCEMENT On 26th March 1997 the Hungarian Privatization and State Holding Company (APV RL) and Magyar Villamos Mavek (MVM Rt.) successfully closed the sale of a substantial (73.76%) methods with the budgesti Power Plant Limited to a consortium comprising limiteral Voints On #FF inland and Tomographics. Budapest Power Plant Ltd. is the largest supplier of heat for district i six mixed hydrocarbon-fired power and text plants with a combined at 294 MW and a combined nominal heat capacity of 2.617 MW. IVO/Tounen is obliged to purchase additional shares correctly owned by MYM BC expected to take place later this year. The Hungarian Government regains a Golden Black to be distributed to social security funds or employees in a preferen

NOTICES

LEGAL

Notice is bureby given that a Petrtion has boss presented to the Court of Session by Waverley Mining Finance PLC having its registered office at 13 Charlotte Square, Edinburgh, EH2 4DI craving an order confirming cancellation of its Share Premium Account

In which Perinion the Court pro the following interlocutor on I April "The Lord Ordinary appoints the

Petition to be letimated on the Walls in common form and to be advertised once Financial Times and Scotsman newspapers and appoints all parties claiming interest to lodge Answers

of which notice is hereby given.
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Invitation for Tender

The Administration of Galati Free Zone - Regie Autonomous established by the Romanian Government's Decision HG 190/1994, launchas, according to the provisions of tha Law 84/1992 and Romanian Government Dacision 682/1994, an invitation for public tendar for the concession of land for production, commercial, banking, services and storage activities. Tha lender will be held on May 23, 1997 at 11.00 a.m.

Tha bidders will send a raquest for participation to tha headquarters of the Administration of the Galati Free Zone with the

exact name and address of the company;

- description of main activity;
 description of the activities to be developed in the Galati Free
- approximate surfaces needed for concession: the number of Romanian employees for the activities in the
- tha estimated volume of the investment in the Galati Free Zone: the duration of the concession.

Further details can be obtained daily from 3.00 a.m. to 16.00 p.m. (Easteuropean Hour) at the Administration headquarters or phone: 0040-36-41222, 0040-38-412420, 0040-36-412430, tax: 00 40-36-414 929 Marketing Department, The Administration of Galaxi Free Zone - Regia Autonomous.

Headquarters: Romania, Gaisti, Str. Al. I. Cuza, bloc Cristal. Tel/Fax: 0040-36-411222, 0040-36-412420, 0040-36-412430.

CHEMICAL WEAPONS ACT 1996 Amendment No 1 to the Open General Licence, dated 1 January 1997

granted by the Secretary of State Coming into force 1 April 1997

The Secretary of State, in exercise of the powers conferred by section 20 of the Chemical Weapons Act 1996 (c.6), hereby modifies the Open General Licence granted by him on 1 January 1997 as follows:

1. In Clause 3 after sub-clause (2) there shall be inserted -"(3) A person may only import Chemicals from and export Chemicals to another State Party to the Convention on the Prohibition of the Development. Production, Stockpiling and Use of Chemical Weapons and on their Destruction signed at Paris on 15th

14) If a person has imported a Chemical from a State Party he may only re-export that Chemical to that State Party.".

1. In Clause 4(2) the words "to another Member State of the European Community either of the Chemicals numbered (7) and (8) in the Schedule" shall be deleted and replaced by the words "any

This instrument shall come into force on 1 April 1997.

1 April 1997

An Official of the Department of Trade and Industry authorised to act on behalf of the Secretary of State

wage bargaining 'diverse'

By Robert Taylor. **Employment Editor**

The European Union's single market has brought more diversity in wage bargaining and encouraged greater employment flexibility in ried out for the European

The report is at odds with fears expressed by critics of the EU about its social policies. "There is very little sign that a European model of wage remuneration is developing," it says. "Most countries appear to be evolving their own particular solutions in order to achieve greater scope for local wage regotiations." But it beliaves "heightened international competition has played a key role" in changing the bar-

gaining systems. The study was written by Mr David Shonfield, senior

impact of the single market.

Its main findings are that: "The impact of the single member countries, according market on corporate personto an unpublished study carnel and pay policies has generally been limited." But there was evidence national economic policies and institutions were growing more. important in wage bargaining "because of the disciplin-ing effect of the European exchange rate mechanism and economic convergence criteria" required for Euro-

pean monetary union. The "main, indirect" effect of the single market at company level has been "an increased concern to control labour costs; changes to the grading or classification of employees: and links between pay and performance". Wage bargaining

Services, the independent mance is growing more undercutting of pay and con-UK pay research body, as widespread in some EU ditions by firms exploiting part of the European Commission's evaluation of the the UK Italy and the Netherbetween countries." But

> backward looking informal • Economic factors such as growth employment levels

and productivity "are a more has declined it remains high significant influence on pay by world standards since the bargaining than they were creation of the single marbefore the arrival of the single market in 1992". • "The widespread view importance in most coun-

that the economic core tries". countries of the EU would be the peripheral countries or regions has so far not proved-

• "The dangers of 'social in sectors such as cars, teledumping have been exaggerated with only isolated

researcher at incomes Data linked to company perfor- examples of competitive "there is evidence from Ger-

• With the exception of the many that companies are UK. EU countries have used increasingly using the possiinflation forecasts as "a bility of relocation as a barpoint of reference" in wage gaining counter to achieve negotiations. The UK prefers changes in working practices at home." · Collective bargaining coverage has not altered and although trade union density

ket. Sectoral level bargaining "continues to be of great. A survey of employers for enriched at the expense of the report found that company bargaining was growing in Denmark, Sweden and the Netherlands, particularly

communications and petro-

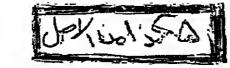




UK Representativa Office 35-38 Comhill, London, EC3V 3PQ, United Kingdom Tel.: 44(17)) 929-0417. Fax: 44(171) 929-0418.

12 Vrubelya st., Moscow, 125060, Russia Tel:: 7(095) 752-7000, Fax: 7(095) 752-7005.

Mezhcombank. a Moscow-based bank, announces the official opening of its Representative office in London.



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MONDAY APRIL

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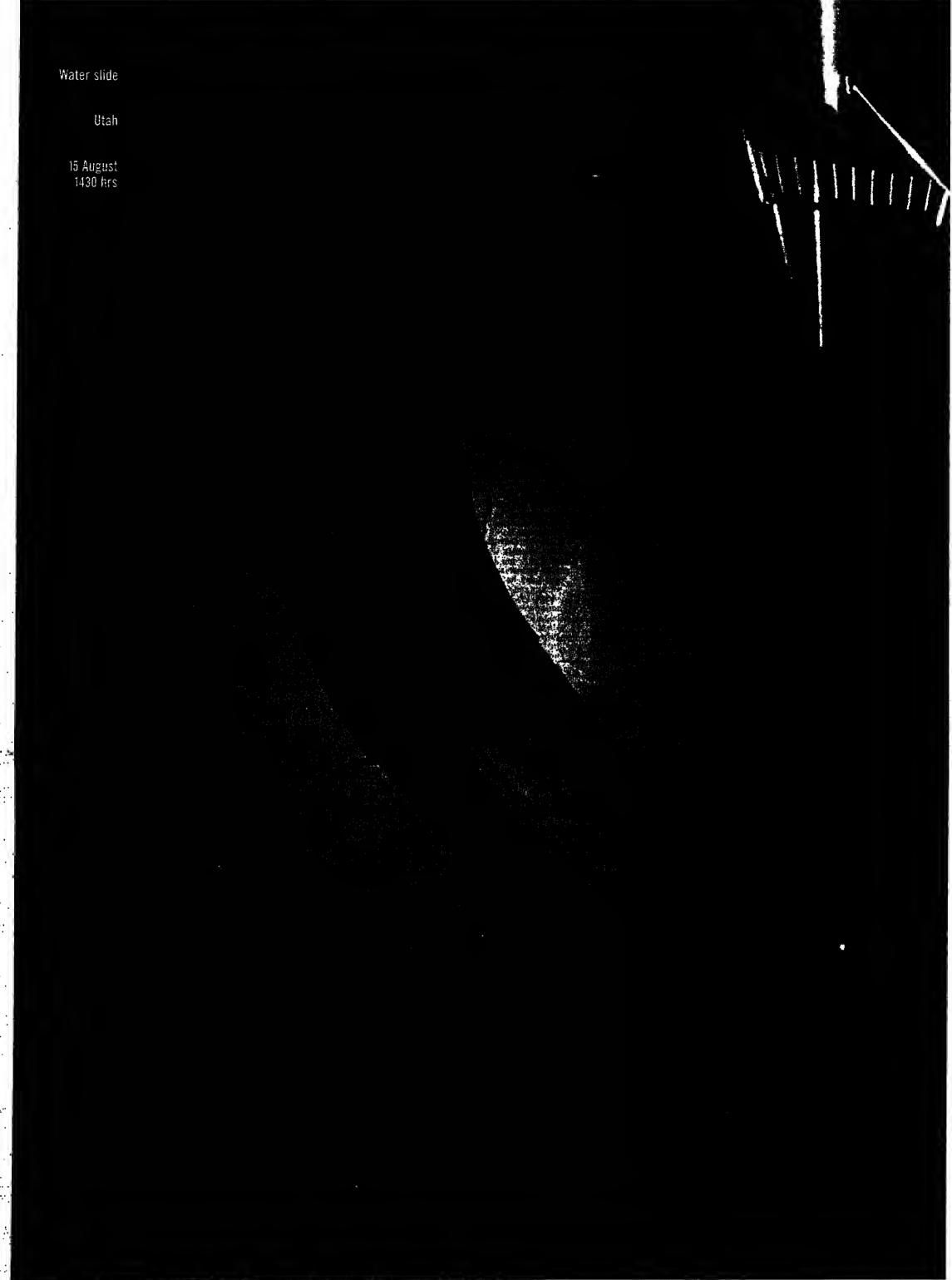
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WORLD LEADERS IN INSURANCE AND FINANCIAL SERVICES

Mussolini, with his admiration and had to be carried first to the for Napoleon and his obsession to imitate the imperial glories of ancient Rome, should heve in early 1937. turned his attention to bringing back an obelisk. The opportunity through the Italian annexation of mus, the chariot race-track, and

Obelisk points to change of heart

proclamation of an empire.

Abyssinia possessed several obelisks of Ethiopian origin and Il Duce personally charged the Villard with selecting one. He chose one of the monoliths lying on the ground at the archaeologithe third century AD, it massured 24 metres and consisted of five blocks of granite. Although believed to possess the most perfect incisions. Altogether the So it was not surprising that blocks weighed some 200 tons Red Sea port of Massawa before being brought to Italy via Naples

Once in Rome, the obelisk was given a magnificent site on the presented itself not in Egypt, but huge expanse of the Circus MaxiDATELINE

Rome: Italy has signalled its willingness to return to Ethiopia an obelisk plundered by Mussolini, writes

at the entrance of the road leading to the old Appian Way and the new administrative centre Mussolimi hoped to create outside the capital et Eur.

Robert Graham

And there, this greyish-brown granite monument has remained in 1947 and another in 1956, sol-

until today; a familiar site opposite the post-war complex of the beadquarters of the United Nations Food and Agricultural Organisation. But it may not be there much longer.

After years of on-off negotiations with various Ethiopian governments, Italy has signalled its willingness to return the obelisk. The decision was taken in princi-ple last month and will be reaffirmed this week when Ethiopian premier Melles Zenawi visits

The return of the Axum obelisk has long been a matter of Ethiopian pride. But, while a succession of Italy's post-war govern-ments have committed themselves to handing back this symbol of the Fascist era, little progress was made until recently.

other colonial powers, euch as Two treaties with Ethiopia, one

emnly bound Italy to return the commission was established last obelisk. But the process was put on hold after Emperor Hailie Selassie was overthrown in 1974. The Christian Democrat-led govclear. "Here there is no question ernments in Italy had no desire to reward the Marxist regime that took over in Addis Ababa. Other excuses and delays folwe have signed have to be honlowed. At one stage it was argued that the area of Axum was unsuitable for the obelisk as it

was prone to seismic movement. There have been genuine fears that the repatriation of the Axum obelisk might set a precedent and raise the broader - and highly sensitive - issue of the return of colonial war trophies and plun-dered works of art. Although go," says the foreign ministry.

That potential objection could Italy would be little affected,

Britain and France, did not want such e precedent to be set. When a joint Itale-Ethiopian Ethiopia to save face. If it is

month to supervise the return. Rino Serri, the Italian deputy foreign minister handling the affair, made his government's view of principle involved. This does not mean everything is going to be returned: simply that treaties

the return is e technical one. Experts have to be certain the obelisk can be removed from its base and dismantled without Pope Sistus V, the most enthusi irreparable damage. "If the astic of all in the display of obe-experts advise against the expediblisks. He wanted to set un obetion of the obelisk, then it won't

provide e convenient excuse for the Italians to retain their only Ethiopian obelisk while allowing

pledged to provide some form of replacement as a sign of grati-tude, although they have few funds to fill what will be a noticeable hole in Rome's urban landscape. One suggestion is that the committee preparing for Rome's jubilee year commission a suit-

And why not a modern-style chalisk to celebrate the advent of the next millemium? In the 16th century at least 48 Egyptian obelists (mostly brought from Heliopolis under such superors as The sole obstacle now blocking Augustus) were standing in the return is a technical one. Rome The present count is down to 13 and none serves the imaginative function conceived by lisks. He wanted to set up obelisks at strategic points throughout Rome, using them as giant gnomons - rods for sundials to show the hour of the day. As an architect friend

remarked: "A gnomon could be a good omen for the 21st century."

The Monday Profile: Sir Freddie Laker, Laker Airways

The old stomping ground

ir Freddie Laker insists be is not bitter against those at British Airways whom be believes ran him out of business in 1982 through predatory pricing. Neither does Sir Freddy, who pionegred cheap transatlantic travel with his Skytrain, hold e grudge against the UK government which he is convinced was also involved.

You could be forgiven for thinking otherwise, especially if you happened to press channel 15 of the in-flight entertainment system on the new Laker daily service from London's Gatwick airport to Miami. The channel features an endlessly repeated interview with Sir Freddie choosing some of his favourite music - but also talking about the past.

In the interview, Sir Freddie denounces Midland Bank as "the listening bank which never listens". The UK bank, he says, refused to accept a cheque from Tiny Rowland, a personal friend, which would have got the airline out of trouble. Instead, the receivers were brought in and he reluctantly left his Gatwick office on February 5, 1982.

The new generation of Laker passengers are also treated to robust views on the British government, which is accused of having been "up to its eyebrows" in the undermining of Laker Air-

They didn't want Freddie Laker to fly again," he says. The but in actual fact I have had 14 Soviet states would, in time, proity of launching package holidays government placed more imporyears' exposure to the Florida wide fresh supplies of tourists. He to the Galapagos Islands in a tance on getting BA back to profitability for future privatisation than on promoting low-cost travel across the Atlantic.

"We thought it would be a good idea to let people know who we were and how we have been beaten about the head and that we are all about competitive air fares," he says of his on-board interview.

After the collapse of Skytrain, Sir Freddie shook the dust of the UK from his shoes and has, since 1982, divided his time between homes in the Bahamas and Boca Raton in Florida.



Everyone thought I had died, the eastern European and former started out in 1995 with flights from Gatwick to Orlando and and east coast markets." he says. talking in the exclusive Boca Raton Resort and Club where now has two flights e week from membership starts with a \$35,000

down-payment. After leaving Britain he helped Tiny Rowland run a hotel and casino on Grand Bahama and later launched Laker Bahamas; now known as LB, to carry tourists from cities all over the US to the Bahamas.

In 1994, Sir Freddie decided the time was right to consider returning to long-haul routes. He was influenced partly by his belief that the new freedoms of I should have. The reason I got back at all was because I have an American company. Many of his original customers are returning, he says. "The old

haven't got satisfactory slots,

nothing like the commercial slots

Brits and the Americans are coming back. Every single day of my life people come up to me." He recently met a woman in a Flo-rida store who had travelled in her youth with her parents on Skytrain. Now her daughter was flying Laker to London.

He has, however, given up the "bucket and spade" image, deciding instead to go up-market, while still concentrating on value

On the Gatwick-Miami flights, both Regency Class, as he calls economy, and Premier Business offer leather seats, china plates, gilt inlay on the stainless steel cutlery and 6-inch individual television sets. At the moment, Premier Business costs £1,298 return and Regency £366 return midweek and £399 at the weekend. British Airways quotes £2,834 for its Club Class to Miami and £992 for a fully flexible return econ-

omy fare. "I am trying to create a niche airline. I call it the connoisseur's airline," says Sir Freddie who, at 73, says he still relishes every day in the airline business. He even plans to expand from his present three aircraft to as many as 30 within the next five years. . He is also looking at the possibilto the Galapagos Islands in a joint venture with an Equadorian

airline. In a comment that might send a chill down the back of some BA executives, Sir Freddie says he is seriously considering returning to his old stomping ground - the London to New York route.

"If we branch out into the UK we could probably go back into the hot route again to New York. Definitely, we consider that every day of the week."

The only thing he has not considered, he insists, is retirement.

Raymond Snoddy

FT GUIDE TO:

DIGITAL VERSATILE DISC

What exactly is DVD, and what does it do? DVD stands for digital versatile disc. A DVD is a new form of compact disc which looks exactly like an ordinary audio-CD or CD-Rom, but has so much more memory capacity that it can play moving images at much higher eudio-visual quality on television or computer screens.

But isn't there more than one type of DVD? Haven't I heard something about DVD-Roms and DVD-Rams too?

There are actually three types of disc. One is DVD Video, which is a souped-up version of a video cassette with extra facilities such as multiple foreign language soundtracks. Another is DVD-Rom, which is played on a personal computer like a sophisticated CD-Rom, but relaying film footage as well as still images. The third is DVD-Ram, the recordable version of DVD-Rom which was in the news this week when the electronics industry finally reached agreement on its technical specifications at a meeting in Tokyo.

How will I play these discs? Will I have to buy

lots of expensive new equipment? The short answer is yes. You will need a DVD Video player to hook up to your television set, like a video cassette recorder. The players are already on sale in Japan and North America from about \$600 (£377) and the discs cost anything from \$30. Both DVD-Rom and DVD-Ram require special drives to be installed in personal computers. The manufacturers have not yet decided how much they will cost, but the price of a DVD-Ram drive the more expensive of the two - is unlikely to be less than \$1,000. Also DVD-Ram is so complicated that it can only be used on fairly powerful PCs.

Will I actually want to buy any of these systems? I've already got e VCR, why should I want DVD

Well, the digital effects in blockbuster movies, such as Die Hard or Indepe ndence Doy, look much more realistic on DVD Video Than they do on video cassette. You will also be better able to appreciate the finer points of the cinematography or art direction of films like The English Patient. And it will be possible to choose whether to watch foreign films in the original language, or with a soundtrack in your own language. Finally, the discs will be more durable than cassettes, which should be useful for children's films and cartoons that tend to be played frequently.

What about DVD-Rom and DVD-Ram? Can they do anything that CD-Rom can't?

The audio-visual quality of DVD-Rom and DVD-Ram is better than that of CD-Rom, and their tries have got to get their acts together quickly. higher memory capacity allows them to show moving film footage as well as still images. A DVD-Rom game will be much more exciting than e CD-Rom game, Likewise, a DVD-Rom about the

life of Orson Welles could include sequences from Citizen Kane and his infamous sherry commercials rather than stills. If an architectural firm made a DVD-Rom presentation of its work, it might film its buildings as well as showing sketches and photographs. The same applies to DVD-Ram on which you will be able to record images just as you would on a video cassette.

Great. Will I be able to record my favourite films

on DVD-Ram? Afraid not. One reason why it has taken so long to put DVD into production is because the Hollywood movie studios refused to release their pictures for DVD Video until they were convinced the technology could not be used to pirate films. One of the concessions made by the manufacturers of DVD hardware and software, such as Toshiba and Sony, was that the first generation of DVD-Ram discs would only have enough memory for one hour of footage, not enough for a full-length feature.

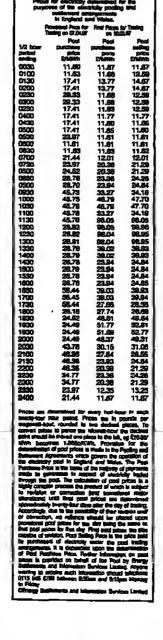
Can I buy any of this stuff in the shops now?

It depends where you live. As you know, the first DVD Video systems are already on sale in Japan and North America. They will be launched in Europe early this autumn. It is possible to buy desk-top or notebook computers litted with DVD-Rom drives in Japan and North America, but only on a limited basis. Some manufacturers, including Sony, have not even started making them yet, but DVD-Rom drives should become more widely available over the next few months. The launch plans for DVD-Ram are even vaguer. Matsushita hopes to start production before the end of this year, but Toshiba plans to wait until next spring. Sony has not finalised its launch schedule yet.

So, what does this mean in commercial terms? Will DVD be a hot new product, the CD or VCR of

turkey, like digital andie tage? In theory, DVD could be hugely successful. It is a genuinely exciting product with something new to offer the consumer. But so far the launch has been accident-prone at best. There were long delays while the electronics manufacturers squabbled among themselves over technical specifications, then they rowed with the entertainment and computing industries over copyright issues. Those issues were supposedly resolved, but some of the biggest Hollywood studios, including Paramount, 20th Century Fox and Universal, have not released any of their films on DVD Video. If DVD is to fulfil its commercial potential, these indus-

> Alice Rawsthorn and Bethan Hutton





Gatwick to Fort Lauderdale, with

a third to be added from June 20.

Miami, run by new US-registered

Laker Airways, that shows Sir

Freddie is back in the transatian-

tic business. He owns 49 per cent

of the company, with the rest

held by Oscar Wyatt, e Texas oil-

man. Together they have put up

\$25m, and have offered guaran-

It was very difficult getting the

landing slots, he says. "I still

tees to expand the airline.

But it is the daily flight to

It is too soon to call it e "wind". but a distinct breeze of change is blowing through the international community to its attitude to sub-Saharan Africa. In the US particularly, the usually inward-looking mainstream media is looking again at the continent, and deciding that the last remaining superpower may have an interest in helping Africa turn itself around.

A recent New York Times magazine cover story declared: "Africa has never been more dangerous - nor more ready, finally, to join the rest of the world. The ontcome may well 1995, from 107 in 1960. But 90 out depend on the United States, of every 1,000 babies born in subwhich has more than bumanitar-

As the quotation suggests, e Africa". Hope, because, on most reckonings, governments across the region are now more committed to reforming their economies than they have been in decades. Fear, because, for many, the time for them to grasp the opportunity may be running out.

A revamped survey of the state of global development, published today by the World Bank*, shows what a steep road reformers have to climb. It argues that developing countries have achieved 1.5 per cent growth in gross national product per head, development act together has on average, since 1970 - considerably less than developed countries. But, as the right-hand figure shows, sub-Saharan Africa reforming African governments has been left out of even this modest improvement.

On everage, GNP per capita in

Stephanie Flanders • Economics Notebook

Putting a spotlight on Africa

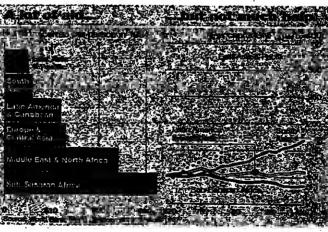
Fear and hope are combining to renew interest in the sub-Sahara

a year in real terms since 1970. A handful of countries, such as Botswana, have done markedly better, but others have done far worse. In Zaire, real GNP per capita has fallen an astounding 4 per cent a year. On one estimate, real per capita GDP in Zaire and Zambia is now roughly half its 1965 level.

The region's economic failures show up in the social statistics. The World Bank report rightly trumpets the fact that average infant mortality rates in low and middle-income countries have fallen to 60 per 1,000 births in 1995, from 107 in 1960. But 90 out Saharan Africa still die before their first birthday. This compares to only 40 in east Asia. In mixture of hope and fear is driv- Zambia, the infant mortality rate ing the calls for "a new push for in 1994, at 109 per 1,000 births, was slightly higher than in 1970. Editors might be forgiven for

failing to hold the front page for the news that: "Sub-Saharan Africa is development laggard". But what is adding urgency to the debate is the realisation among researchers and aid workers that the costs of Africa continuing to fall are now far higher than before.

There are two sides to the problem. On the one hand, "glo-balisation" of markets among economies that can get their made it even harder for the laggards to escape marginalisation. Modern capital markets give much less room for trial and error in setting monetary and exchange rate policies. While lat-



cash from the ravages of the sury secretary, Lawrence Sumdomestic economy with the flick of e button.

The flip-side of this marginalisation is a vicious circle of rising poverty and increased social and ethnic tensions, culminating, in extreme cases, in all-out collapse of the economy and the state itself.

Put simply, the end result of a failure to grow is not, as was once thought, "merely" continued stagnation. It is a rising number of Rwandas, Liberias, Somalias or Zaires, with devastating bumanitarian and economic consequences for the continent and, increasingly, the world outside.

An understanding of the higher stakes involved in turning Africa around has spurred calls for action from prominent

businessmen can protect their nity, including US deputy Treamers and former GATT chief Peter Sutherland.

The precise form which such e

still under discussion, but most recognise that to be effective it will have build on the lessons of petuating cycle of dependency. previous reform efforts. No make for a lack of reform commitment on the part of recipients. Indeed, support in these circumstances can often make matters worse, allowing countries to defer a crisis rather than tackle the root causes.

But it is not merely African governments which have to make a break with the past. Over the years, the region has absorbed many times more official aid and subsidised loans than any other. Surely, then, if voices inside and outside the countries in sub-Saharan Africa the region has fallen 0.8 per cent ter day idi Amins and corrupt so-called development commu- are now no closer to resolving

their problems than they were 20 years ago the providers of develgood chunk of the responsibility.

The new World Bank survey shows that sub-Saharan Africa received \$32-worth of aid per person in 1994, on average. This compares with the \$17 per per-son going to low and middle income countries in Europe and central Asia, and \$6 per head

going to south Asia. The sheer poverty of most sub-Saharan countries guarantees that such aid flows will have a deep impact on the structure of their economies. On average, foreign assistance accounted for more than 16 per cent of GDP in the region in 1994. In at least eight countries it eccounted for well over 30 per cent of national

Some of the assistance has been well-used, but - as most "new strategy" might take is now recognise - a great deal has been wasted or, worse, has ensuared countries in a self-per-

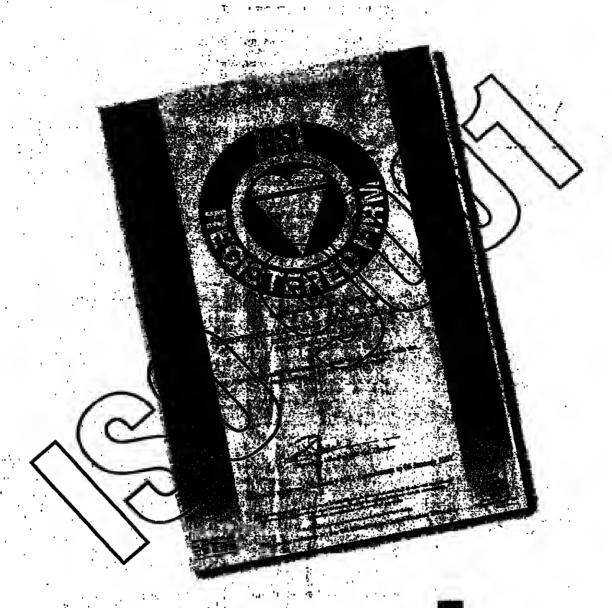
Breaking out of the cycle will amount of foreign assistance can not be easy. Nor, in the short term, can it mean less foreign aid. Official development assistance, which now accounts for a mere 27 cents of every \$100 of OECD GNP, has fallen quite far enough, in real terms, since the

early 1990s. It will, however, mean using the money differently, and combining the assistance with other initiatives focused on the private sector. Next week's column will explore how such a turnsround might be achieved:

"World Development Indicators

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MONDAY APRIL 7 1997

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could include sequences in the bis infamous sherry comes at a stills. If an architectural in the presentation of its work is buildings as well as shows applied to remission would on a video cassen.

Production is because the higher tertised to release their a video until they were convincionable not be used to prate fine mande in the manufacture and software, such as let used to prate fine that the first generating appealed only have enough memory footage, not enough for

Fide stuff in the shops now you live. As you know, the first are already out sale in Japanese. They will be launched a matumer it is possible to be book computers futed with May man and North America, but of Market manufacturers include a mould become more with a mould become more with the house few mouths. The lower few mouths the lower are event without the end of its induction to wait much next spin about the had a mould be event when a mould be successful.

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Alice Rawsthon and Bethan Hutton

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On the inside track

fter more than a decade of reatructuring and downsizing, the pressure now on companies is to achieve growth in both revenue and profits. But what drives high-growth companies growth companies and distinguishes them from their less successful competitors?

We have spent the past five years studying more than 30 companies around the world in both groups in an effort to understand what drives high growth. We have built detailed strategic. organisational, and performance profiles of tha companies.

We have looked at a number of factors that are often thought to be related to a company's potential to achieve high growth. We asked, for example, is high growth a function of young, radi-cal managers? Of being a small entrepreneurial upstart? Of big financial investments in the latest technologies? Of operating in a favourable competitive or industry environment?

No systematic differences were spotted along any of these lines. But what we did find was a fundamental difference in the way the two groups approached strat-

The less successful companies were stuck in the trap of competing. Their strategic logic centred around building competitive advantages. They benchmarked the competition and focused on outperforming rivals. The result was a perpetual cycle of offering a little more for a little less than competitors. The competition, not the customer, set the parameters of their strategic thinking.

Consider the classic casa of Compaq versus international Rusiness Machines in the personal computing industry. When Compaq launched its PCs in 1983 it rapidly won the mass of PC buyers. Not only were its PCs the first IBM-compatible machines, but they were priced 15 per cent below IBM's and were technologically superb. Within three years of its startup, Compaq had risen to the ranks of the Fortune 500, making it the fastest company in

history to get there. Compaq's success, however, woke up IBM. As IBM started to

Do not waste time and energy trying to beat your competitors, say W. Chan Kim and Renée Mauborgne

became focused on surpassing IBM. As the two fought to outdo one another in sophisticated feature enhancements, neither detected that user-friendliness and low price, not the latest technology, were emerging as critical to success. The result; both companies created a line of PCs that were overdesigned and over-priced for most buyers. When IBM walked off the cliff in the late 1980s, Compaq was following

close behind.

The strategic thinking driven by tha competition had three latent effects - effects that were the exact opposite of companies' intentions. First, it put companies in a reactive mode. Time and talent was unconsciously absorbed in responding to daily competitive moves, rather than creating growth opportunities. Second, it led to imitative, not innovative, approaches to the market. Companies accepted what competitors were doing and simply strove to do it better. Third, it clouded these companies' understanding of what customers were seeking and how that was changing. '

So when, for example, Callaway Golf, the US golf club manufacturer, launched its "Big Bertha" golf club in 1991, it rapidly rose to dominate the market. This was not because Callaway had no competitors - in fact, it had venerable competition. But the golf clubs of all the main manufacturers looked alike and were out of line with what players wanted: a golf club with a larger head that made playing more rewarding and fun.

Callaway broke away from the pack with Big Bertha and earned high growth in revenues and profits. The competition, by con-trast, so focused on one another, failed both to perceive and act on this opportunity.

By contrast, high-growth companies in our study paid little heed to matching or beating the competition. Instead, they sought



tum leap in value. The question they posed was not what would it take to be better than the competition, but what would it take to win the mass of buyers even without marketing?

The drive for this type of innovation pushes these companies to question everything an industry to make the competition irrele- and competitors are doing, openrace to heat Compaq. Compaq vant hy offering buyers a quan- ing their eyes to the differences organisations CNN and Bloom-

between what companies are competing on and what buyers actually value.

This is not only the route to high creativity, but to tremanhome products retailer Brea; Direct Line Insurance; Home Depot, the US DIY and home improvement retailer: news

berg, or Starbucks, the US coffee shops chain. The innovative ideas fuelling these companies' highly profitable growth are not the result of aiming to build advantages over tha competition. They are the result of a relentless drive to offer radically superior valua to buyers. That is how Compaq found its way out of the trap of competing in the early 1990s and re-emerged as a global leader in the computer industry.

Ara innovative companies

whizzing by knocking the air out of your companies' products and services? How many of the greatest value innovations that hava occurred over the past 10 years were spearheaded by your com-pany rather than a competitor? If your answers are less than inspiring, your company, too, may have fallen into the trap of

To get out of the trap and generate high growth in revenues and profit, companies should begin by asking four questions the same four questions that the high-growth companies in our study asked themselves.

First, what factors that our industry takes for granted should be eliminated? Second, what fac-tors that our industry competes on should be reduced well below the standard? Third, what factors that our industry competes on should be raised well above the standard? Finally, what factors should be created that our industry has never offered?

By answering these, companies can begin to find ways to break away from the pack rather than incrementally improve, discover superior ways to serve existing markets, and create naw markets. This is the path to high growth in both revenues and

W. Chan Kim is the Boston Consulting Group Bruce D Henderson Professor of International Management at Insead, France. Renée Mauborgne is o senior research fellow at Insead and president of dous cost savings. Just think of ITM Research. They are the authors of Value Innovation: The Strategic Logic of High Growth (Harvard Business Review, Jan-Feb. 1997) on which this article is

savings. However, fewer than a

third said they had achieved

savings. Instead of cutting down

on paper-hased information,

About 35 per cent of respon-

dents were optimistic that intra-

video conferencing and e-mail

will relieve information overload.

organisations sometimes found that they had simply duplicated



PARTNERS

Ministry of Sound

James Polumbo, 38. optmed London's Ministry of Sound reightclub in September 1991. Six months later Mark Rodol, 28. became a partner. In 1993 they launched a record label which has sold more than 2m allums, mail order business, and a touring company, spinspred tig

that i esked him:

lo join the business late the part of the stage it was just a fact that they are called drug intested hellhold. College the manufacture was the called the ca drug infested hellhole. Setting and setting in of the drug dealers and accept to the drug dealers and accept to the drug dealers are acceptable.

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has a more mature way of seeing things and pots a way being wither ideas. my wilder ideas.

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valuable on voices and

Main. Before James, Pd never net myone who worked constantly the disorde me over

new album which misses the target of light and the When it comes to have the

Vanessa Houlder on the growing use of intranets for office communication likely to adopt the technology. Just over half the companies surveyed said that they were motivated by the scope for cost

Electronic grapevine ntranets - the private networks that distribute information across a company - are having "a dramatic impact" spreads its feelers on companies' internal communications, according to a recent

Almost two-thirds of the 259 companies surveyed have, or are such as the company's style and the technology are grappling hierarchy and opening up comdeveloping, an intranet, accord-strategy. Intranets, which use with much the same issues as the munications with employees, ing to Smythe Dorward Lambert, a communications consultancy. and receive data, sound, graphics The majority of the respondents grow even faster than video con- hrochures, newsletters, reports ferencing and e-mail, which are

also growing in popularity.

Four out of 10 of the companies polled used their intranets for day-to-day messaging. Just over half used them for corporate communications concerning matters that the early adopters of

Internet technology to transmit and video, can he an effective often see their benefit in terms of says.

and directories on screen. Europe is lagging behind the US in the use of intranets. But the researchers, who talked to 25 North American companies for the mainly British study, believe

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able throughout an organisation. But the survey found that most companies see that sort of openness as a problem, not an opportunity. A quarter of them intended to control access to information with passwords.

most companies are missing a The champions of intranets trick, often deliberately,"

open with information tended to he in sectors that had most enthusiastically adopted intranets: technology, telecommunications and media. At the other end of the scale the retail, distribution and public

but 31 per cent said it would increase "communication pollu-Perspectives. Smythe Dorward Lambert, 55 Drury Lane, London

their costs.

Rich man makes sense of yard-long chopsticks

POLICY GUIDE ness. That noble thought is the theme of a management information on new products and policy innovations in the primer called For People and for Profit. The author is Kazuo Inamori, chairman of Kyocera, a self-made hillionaire who recently

"When it comes to challenging sectors appeared the least

monk in his native Kyoto. The book has been published in English, giving a rare chance for foreigners to peer into the mind of a Japanese management bero.

went into semi-retirement as a Zen

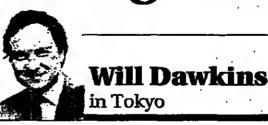
Inamori is not the first to make the point about self-interest. Japan's plague of financial scandals happened precisely because managers put their own and their companies' interests before all else, he says.

The recent wrongdoings at Nomura Securities, where senior staff paid off gangsters to keep things quiet at sharebolders' meet ings, are a case in point.

Inamori retells a parable he heard from a priest at the temple where he is now an inmate. Imagine a pot of noodles and several sets of yard-long chopsticks, he says. Selfish people will try to feed only themselves, but end up missing their mouths and dropping noodles all over the tatami. Selfless people will feed each other. Companies, too, should co-exist harmoniously with suppliers, staff

and even competitors, be advises. It all sounds textbook Oriental, but it does not ring true. I doubt if Kyocera became the world's largest maker of ceramic boxes for integrated circuits by help-

anyone else in the business? Ask the blunt engineering types at Toyota for their management secrets and you get a different message. Winning market share, not global harmony, is their idea of heaven. And they believe that you get there by commonsense, learned on the factory floor and in the marketplace.
The difference between Toyota



and Kyocera might be explained by the fact that the car company is Shinto, rather than - as Kyocera is - Buddhist-inclined, Shinto, after all. is a farmer's religion and cars are today's rice. So Toyota's top people are interested in making things, rather than global harmony. New modeis are takan to be blessed at a shrine before being launched on world export markets.

Even so, ordinary executives of both companies agree that there is no magic to daily management, whatever their bosses think

A more down-to-earth insight into new phrasabook, Instant Business Japan, by Giles Murray, who calls himself a brand identity consultant. The most useful bit is the 16-page chapter on how to say no - a delicate matter in any business negotiation in any country.

Forget the US caricature of the new Japan that can say no. The word - indeed the very concept of a blunt refusal - remains as alien as ever. Instead, there are hundreds of ways of meaning no, without saying it. Murray recommends a simple rula of thumb: any answer, however

no intention of laying anyone off." Harmony is undisturbed by the arrival of e-mail in Japan's top companies. The presidents of two Japanese multinationals introduced e-mail in the hope that it would inspire junior collectures to deluge them with great ideas. But to the

points, other than yes and a con-tract, means no, European managers could do worse than study this book. English translations of Japanese business plurases could be handily exportable.

Especially the first in the book: "As

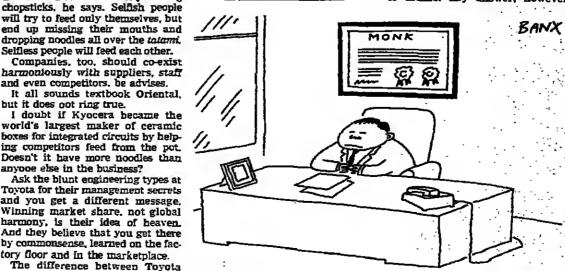
regards the restructuring, we have

bosses: chagrin, email empower-ment is not catching on.

The two presidents get fewer mes-sages than they hoped and those are on the whole bornight deferential. ideas continue to form by slow consensus, Perhaps sensibly, Japanese staff think e-mail is a bit of a toy. If you want communication, there is no substitute for good old human contact. The Japanese call it name washi, or digging found the roots.

Another week, and another Japanese boss falls on his sward. This time it was the chairman of Nippon Credit Bank who acknowledged he would

step down to take responsibility for the bank's near collapse. He follows three board members Nomure, and the chairmen of Atlnomoto, Mitsubishi and Sumitomo Corporation in the past month.
It looks like a gunderfully easy
way to purge the file of the past. The



FINANCIAL TIMES

INDAY APRIL 7 1997

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over very unickly."

In a similar survey conducted by Universion in 1996 among European MBA students McKinsey also ranked number one and in both surveys the Boston Consulting Group

Not surprisingly, man-agement consultancies were the preferred employers for American MBA graduates overall. with 25 per cent of respondents hoping to become consultants. Next. came investment banking (19 per cent) and consumer goods (18 per cent). Only one Japanese company - Sony - appeared in the top 50 companies.

Twenty business schools in the US and Canada participated and 1,792 students responded

Della Bradshaw visits Henley, Britain's first monotechnic for business

When the cap

he hig loke at Henley Man-agement CoHego fliese days is what colours the graduation garb will be pinstriped gowns, perhaps, or hoods lined in a delicate shade of corporate

The big news there is that Europe's oldest independent man-agement school has finally been given the power to award its own master of business administration

ment to Henley's royal The amer charter to allow it to award taught degrees makes the college the only UK monotechnic institution for busi-- the Royal Agricultural College, for example, can award farming

Elsewhere only universities can award business degrees. Britain's other well-known management college which is privately owned, Ashridge, has its MBA degrees awarded by City University, in London, for

Until now Henley's MBA students have been awarded degrees from Brunel, the local university. But with 8,000 students actively involved in its MBA or diploma programmes around the globe - giving Henley one of the largest MBA student bases in the world - both Henley and Brunel decided it was time for a change. Brunel is launching its own MBA course later this year. Henley is playing down any poten-

tial confusion. "It will cause some short-term difficulties in some areas with some oversees partners," says Colin Carnall, director of programmes and professor of management studies at Henley. The management school has partner organisations in more than 20 countries, and 45 per cent of the school's business, and 60 per cent of its revemues, come from outside the UK.

Henley's business is a curious mix a traditional business school with a virtual business school superimposed. In the UK Henley is recognised largely for its executive portfolie of short courses and 75 per cent of the activities on the Henley site are related to these. Overseas, it is an established provider of distance learning MBA courses. This divergence began 10 years

go when Henley decided that it had to expand oversees and that the best way of doing that was to ploneer the distance learning MBA course. Of the 8,000 people actively participating on its MBA course - there are actually 10,500 registered studen only 43 are on the full-time MBA course in the UK and a further 160 or so on the part-time MRA.

The rest all study through dis-

tance learning, with about two thirds of the distance learning stu-dents resident outside the UK.

To ensure the quality of the MBA is maintained, the database of regis-tered students is scrutinised every six months. Students have to complete their degrees within a given time, and all students - full-time, part-time or distance learning candidates - submit the same pieces of work and sit the same examinations.

The only concession now under consideration is that oversees students may be allowed to sit their examinations in their first language rather than English

Carnall says it is his job to create the synergies between the two strands of the college's business, not least of which is the transfer of the technology skills developed for the distance learning courses to the shorter executive courses.

The next step for Henley will be to seek award-giving powers for its research degrees as well as its taught degrees.

NEWS FROM

Wheels in progress for quality stamp

The European Foundation for Management Development has appointed Gordon Shenton as chairman of its European-wide

eccreditation pro The project is intended to give a quality stamp to Europe's most highly regarded business schools Ten are expected to receive the award in the next two

Shenton is deen of Groupe ESC Lyon in EFMD: Belghum, 2 648 03 85

Management and morals collide

hurch les copie and scademics will get together in Leeds this nummer to discuss the question of ethics in business. Speakers at the conference will include David Jenkins, the controversial hishop of Durkam, and Kevin Bond. managing director of Yorkshire Water Services.

Jointly organised by Leeds University's Centre for Rusiness and Professional Ethics and the

Economics, in Columbs Ohio, the three-day course will start on July 14. The conference will also see the European launch of relevant case studies on CD-Rom. University of Leeds: UK,

City school breeds techno-specialists

London's City University Business School is launching an MRA in the management of tech which is aimed at scientists, engineers and financial analysts who want to widen their skill

The course is intended to develop participants knowledge of the latest technologies as well as the business and financial expertise needed to asses and realise commercial opportunities. The management of technology will be taught as a specialism alongside the eneral manage programmes and elective courses. The course is one year full-time or two year

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DEMONPIES

MARKETING / ADVERTISING / MEDIA

Using current affairs to add sparkle to campaigns can be a double-edged sword. Alison Smith looks at Tesco's general election offering. Below, Meg Carter reports on integration

Spoof slogans aim to have the last laugh

be UK general election is still more than three weeks away, but the first political poster campaign has just ended.

and press advertisements offering a political slant on its long-running campaign to show "unbeatable value"

across the UK, presented Tesco's price "cuts", "child benefit" and "economic miracle". The campaign is costing rather than election fatigue." about £2m (\$3.2m).

Tesco's print campaign is continuing and warm, but has not adopted publiciat a time when politicians appear to have sunk in the public's esteem, political advertising is criticised for being negative and people may already be bored with the longest election campaign in recent history. Being associeted with all this - even as a joke - is not an obvious strategy.

advertising agency Lowe Howard- uring the tear which was a hallmark of Spink, which devised the campaign, says it was a topical way to refresh the message on prices. "It's true for all In mid-March, Tesco, the supermar-ket chain, placed a series of posters advertising if you can stitch into the fabric of what is happening, you score

points for being relevant."

He is also clear that the campaign The posters, at 2,000 or eo eites had to break early to achieve its impact. "When we launched in midpositioning with spoof slogans on March the election had not been called and there was mounting election fever

> ty-seeking marketing tactics before. It was careful about the political cam-paign, explaining its plans to Labour and the Conservatives. It emphasised that the spoof campaign would end well before the election itself.

It also decided that some suggested political treatments were too controver-

before its launch. A branded

pull-out were distributed

via the Sunday Times and

The Sun. PR and promot-

ional work with the Spice

Girls included a specially

commissioned single and

the band also features in on-

air promotions and edito-

rial. Channel 5 research

sumers were aware of the

Marc Cave, managing partner of sial One, on the price of onions - featrecent Tory posters - was rejected. But others were too irresistible to dump.

So "demon ples", a parody of the Tory poster attack on Labour leader Tony Blair last year, appeared in The Spectator, the right-wing magazine, while a pile of coins with the slogan "time for change" was placed in the

left-of-centre magazine New Statesman. It was the first time Tesco had advertised in either publication and this aspect of the campaign was not really aimed at shoppers. "We didn't use Tesco sees its image as light-bearted 'demon pies' for customers," says Catherine Baxendale, Tesco's head of advertising. "We were motivated by the fact that it was appealing to opinionformers and was amusing." In spite of the ads' publicity, there is a suspicion the campaign may have done more for Lowe Howard-Spink than for Tesco. "The danger may be that this kind of



X UNBEATABLE VALUE

agency but not necessarily quite so seen as a marketing ploy and people good for the client," says Adam Cro-will see through it." zier, joint chief executive of advertising

agency Saatchi & Saatchi. He also believes that, for soch an

campaign can be very good for the the political bandwagon, then it will be

But Tango, the soft drinks brand, has a spoof political campaign of its own. Television advertisements feature a approach to work, it must be unique. mock election in which Orange, Tan-"If several different advertisers get on go's main brand, urges people to "vote from the election itse

International

real skill."

client," says William Eccle-

share, chief executive of full

service agency Ammirati

Puris Lintas. "Heads of mar-

keting aren't paid to put

together their own agency.

They would have to know

who is available, where

they are and how to put the

right team together - it's a

Then there's the issue of

David Atter, Tango's me

ests. "And how quickly and

ager, says the irreverent es keeping with Tango's image and enables it to present its range vours while offering some light

Orange" rather then support the other

X UNBEATABLE VALUE

advertising industry's new mantra is "integration". Suddenly, every campaign is "inte grated". The distinction between such communication techniques as television advertisements and direct mail shots, which would

arately, is blurring. But the potential of true integration goes much further, Take Channel 5, the television network launched in the UK last month. Its £5m (\$7.95m) multimedia campaign was created by a "dream team" cherry-picked by marketing and communications director David Brook who tallored his own "virtual advertising agency", known collectively

once have been handled sep-

as "Team 5". "The idea was to get the best people in each discipline. The days of the full service agency supplying everything are long past," Brook explains.

The Channel 5 campaign was developed by Brook

with advertising company an npdate every few Mother which, in turn, is working with a Dutch creative operation called KesslesKramer, media independent TMD Carat, media 1sts working together, the strategists Michaelides & Bednash and design comthinking in boxes." pany Wolff Olins. The rede-

roles of buyer and seller in favour of greater co-opera-"Clients realise having a great TV commercial isn't magazine and a TV listings enough any more - you've got to infiltrate people's lives," explains Graham dnash, managing partner of Michaelides & Bednash.

finition of the client-agency

relationship moves each

side away from traditional

He believes the approach has two clear benefits. "Clients bave greater control as they are totally tuvolved in how ideas develop rather shows 91 per cent of conthan intermittently - the



Spice Girls: provided a single for Channel 5

Jan Smith, marketing director of the RAC, pioneered a similar strategy

seen some of the marketing. greater creativity and better targeting. She hand-picked creative and marketing people to form her "virtual usual way - when they get launch and 88 per cent had and believes it can result in agency" after joining the

RAC in 1995. "Quite often creating a classic marketing the full service advertising tor of the brand rather than of the client," she says. Her "dream team" includes creative dno Dean and Green who, sithough employed by advertising agency Butterfield Day Devito Hockney, also work independently with Smith.

"Creatively, the Ideas come from anywhere a fine idea in theory, it's an around the table," she says. awful lot of work for the We start with the brand and strategy, then agree the hest way to deliver it, It works, so long as egos and jealousies can be set aside. You have to work together and not be precions about who came up with which

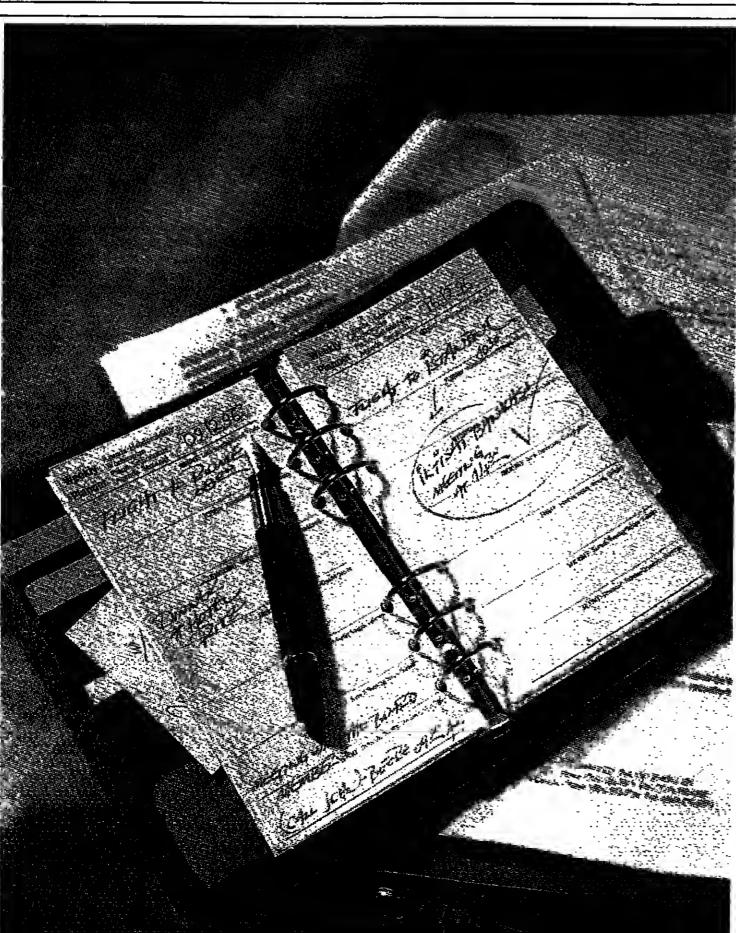
Others developing a similar approach include huilding society Nationwide and ICO, a telecommunications company which, instead of

ream teams redefine relationships easily available are additional resources?" These are genuine concerns. Brook concedes. Close integration between department, sourced all client and "dream leam' can only be achieved if the marketing services externally. ICO appointed the

client structures are open and flexible, he sayd. But the logistical problems are WPP group to create a tailor-made inter-divisional not as great as ther might team with individuals from WPP-owned JWT, Hill & at first appear." Scepticism amon Knowlton, Sampson Tyrell, tionalists is unders Metro G Force and Research More traditional agencies remain sceptical. "While it's

The fragmentation of the traditional grip held hy agencies on a client a marketing and communi business has inevitable rev enne and cashflow implica-

As advertisers chanour for greater accountability and tighter control over how their money is speni however, "dream teams" are one viable solution Brook says. "As clients get more knowledgeable about the different parts of the marketing process, they



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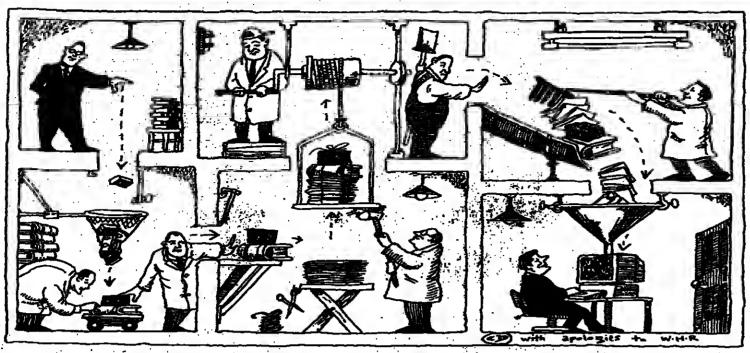
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MARKETING / ADVERTISING / MEDIA



There's the devil to pay

Nicholas Denton looks at online companies' pricey battle to attract users

most industry experts.

service that provides online content.

is dubious about the prospects of his

weaker brethren. The power is with

those people who have traffic and

brands. A content company is going

to have to decide whether it is a

website or just a provider," he says.

Hoover's Online and Zacks invest-

ment Research, both of which pro-

vide US company data, already dis-tribute largely through the

navigation services. No big content

provider has yet abandoned its inde-

pendent efforts, but CNET's Minor

asks: "If Excite controls the top two

pages fof a company's online mate-

rial], at what point do they suck the

With clout comes revenue. "When

we were really small, we did the

deals we could do," says Tim Koogle,

chief executive of Yahoo! But tha

navigation service now insists on

receiving a majority of advertising revenues from pages hosted on its

"In the past three months I've

become aware how sustainable the

concept of a navigational hub is. It is

clear how important it is for content

folks to be closely tied to a bub,"

Koogie says.
It is this promising business model

whole thing in?"

that is what George Bell. chief executive of Excite. the self-styled TV guide to the Internet, calls relationships on the web between companies that generate traffic and those trying to draw users to their online offerings.

Excite and other navigation services such as Yahoo! have recently agreed, for the second year running, to pay Netscape \$5m (£3.1m) each for the traffic it generates for them. Netscape controls the most popular starting point for web novices because its popular browser programme sends users automatically to its own home page. From there, a "button" - effectively the real estate for which the navigation services are paying - sends users on to Excite

Paradoxically, only by luring Netscape users via this hot-link can companies like Excite ultimately break away from the software com-

pany's unwelcome embrace. The navigation services, or search engines, which guide users to destinations throughout the Internet. control their own stretch of the channel for online information. Five of the top 10 Internet sites accessed at least once in January were navigation services, according to PC Meter which monitors home web usage. This gives the navigation ser-

Excite's financial section, for instance, carries stock quotes from Quote.com, a low-cost provider of market data. Although Quote.com runs its own web site, it values the

mers Excite can deliver. If a user clicks with a personal computer mouse to find the biggest gainers of the day, a list of prices provided by Quote.com comes up within Excite's site. Only when users ask for details on an individual stock are they transported to Quote.com itself. Even then, the page carries the Excite logo.

Netscape is not the only traffic generator that knows how to tango. It is a dance we'll have ourselves with content providers," says Bell. He wonders jovially whether con-

tent providers - companies that supply news, quotes and other services - will one day resent the navigation services upon which they rely as much as Excite resents the existence of Netscape.

This model suggests that the navigation services may become the net-work television of the Internet: profiting from their control of distribution, but dependent on outside production companies for their

Just as the makers of Seinfeld, the. popular US sitcom, have some power over NBC, the US television netvices the chance to strike tough work, so content companies with deals with others lower down the powerful brands such as CNN that underpins the valuations of sessed by the devil.

The dance with the devil: Internet chain, securing their future. should maintain an independent Yahool, Excite, Lycos and Infoscek, the four leading quoted navigation services. These have a combined presence on the web, according to market capitalisation of \$1.5bn in spite of continuing losses. Robert Reid, venture capitalist and Halsey Minor, chief executive of CNRT, a computer news and advice

author of Architects of the Web, a new book on the growth of the Internet, argues that two-year-old Yahoo! is potentially the most powerful media title in the world.

The danger for navigation services is that users, having roamed the web with their aid, will fall back on a few familiar content websites. Netscape which already encourages users to "bookmark" pages, in the latest version of its browser enables them to go directly to a favourite eite by clicking on an icon on permanent view on the software toolher.

Yahool and Excite trust in the appeal of serendipity - finding good things by chance on a navigation service. And their customer base is constantly refreshed by the influx of novice users in need of guidance around the complex web. The proportion of web surfers using navigation services - about three-quarters is growing rather than shrinking.

"Over tima, people's navigation habits may get calcifled," concedes Bell. But it will be a slow process. By the time a content website establishes its own loyal customers and tries to break with the navigation service, it may find it is already pos-

Tim Jackson

Court on the Net

You might paradox". Companias resources into ways of broadcast voice and video over the Internet - in spite of the lack of proven mar-

kets. Yet the much humble technologies for broadcast-ing live text across the Net remain largely unexplored. The paradox is that the market potential of simple text broadcast is demon strated by the fact that billions of dollars are spent each year on buying live services such as Dow Jones.

Bnt, so far, there is almost no true live text broadcasting on the internet. Dozens of "push" broadcast technologies send out information every few hours or minutes, and one-to-one or "narrowcast" technologies are used for text-based "chat" between individuals, but few businesses have explored liva

Reuter and Bloomberg

One company that has done so is Wordcasters Corporation of San Francisco, which last week broadcast live - the written text of speeches at an Internet technology conference.

The company's founder is Susan Quinn, 29, who set up her own transcription service after training as e court reporter. The idea came to her after Microsoft engaged her company to transcribe the speeches at a developers' conference, asking her to hand over the transcribed text 10 minutes after each speech so it could be put on Microsoft's web site immediately. With no existing technology capable of putting the transcribed text on the Web eutomatically, Quinn set about creat-

Wordcasters does not use and everyone wants it - but allow you to skim sections tim jacksoma pobar.com

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Quinn. "The quality is simply not good anough." Instead, Wordcasters uses highly skilled transcribers. likely to earn \$200,000 (£126,000) a year, to turn speech to text on standard

court reporting machines. Here's what happens. Tapping away at a tradi-tional machine, the transcriber turns the speaker's words into phonetic short-hand, which is sent over the Internet to the Wordcasters server. Dictionary software converts the shorthand into plain English, checks for errors, and then sends it out over the Internet. Anyone connected across the Web to the site can then

by one on their screen. According to Quinn, the difficult but of the technology is the system of receiving the incoming text from the transcriber. After months of effort, the third programmer hired for the job managed to produce a working system

watch the words pop up one

Judging by last week's conference, the results are impreseive. A speech by tive at MCI who was one of the pioneers of the Internet. came across the Net readably with only a handful of mistakes over half an hour. Some arose from proper names: Prospector and Camble" instead of Procter

and Gambia, and "Delcore"

for Belloore. Others, sounded like phonetic garbles: "horrible" came out as "bairy ball". Compared with the raw output from most ehorthand writers, Wordcasters Is doing well. The most striking conclusion from reading the company's transcripts is that even fluent and highly intelligent people rarely speak in complete sentences.

was a proof of the technology. Wordcasters clearly has market potential. Transoftware to turn speech into scripts are much more usetext. "Voice recognition is ful than standard voice sexier and more exciting recordings because they

it doesn't exist," says at a glance and are also easier to store and retrieve than sound recordings.

Industry conferences are an obvious market. Part of the reason for attending them is to press the flesh; but the costs of time, travel them unattractive. Clients might be willing to pay sev eral bundred dollars for an alectropic transcript Future conferences might offer three tariffs: \$1,000. say, to attend in person, \$1 a speech for those willing to read off a screen for hours and \$250 for a permanent, archivable set of proceedings from Wordcasters

Quinn also plans to target anoual shareholder meetmgs. Tandem Computer, a PC manufacturer, has engaged the company to to its own employees vie an intranet. Commercial ser vice is being offered to other customers at rates of \$6,000 for two hours or \$18,000 a day.

Another feature of the system allows the person reading the text feed to type in questions for the speaker which are relayed to a moderator at the Wordcastars web site. Quinn plans to develop this into a fully fledged voting system, possibly for voting by stock-

This latter application is a brilliant idea doomed never to make money. It would provide a dramatic increase in "sharehulder democracy". But most corporate executives see shareboldar meetings as minefields and do all they can to reduce the uncertainty uf outcomes by priming owners of large blocks of equity in advance. I do not believe many would be willing to pay for a technology that increases their uncertainty. Wordcasters' technology

Last week's conference might also be used in parliamentary transcription. Quinn is looking for venture capital this summer; she is likely to have many

Small screen alcohol ads attract president's attention

Pressure is on US distillers to restore a ban self-imposed in 1948 but recently broken, writes Richard Tomkins

now, it's booze. With television advertising that the liquor companies had imposed on themselves in smoking forces, pressure is companies to hear on the same amount of there was nothing inherently evil in liquor: a cock-tail, a glass of wine and a sit appears. On the one about the same amount of t coming to bear on that other big "sin" product of the US economy - alcoholic drinks. President Clinton is tomorrow expected to write to the Federal Communications Commission asking it to determine whether alcohol

advertising on television should be banned, as ciga-rette advertising was in 1971. In e decision reflecting the administration's recent crackdown on under-age smoking, the White House said Clinton wanted the commission to explore whether alcohol advertisements were inducing young people to drink. The commis-

respond. The president's intervention is the latest twist in a and beer, which had been saga that began a year ago when Seagram, the Canadian distiller, started siring television commercials for its Crown Royal Whiskey in scattered markets around the US. The commercials

sion said it was eager to

1948. about the same amount of In November, the rest of alcohol, and should therefore

the US distilled spirits indus- be subject to the same adver-

try followed Seagram's lead tising rules.
by scrapping the ban altogether. Their motivation in appeared because most of

The White House said that President Clinton wanted the commission

to explore whether alcohol advertisements were inducing young people to drink

advertised on television all along, were going up.
Tha distillers said they

wanted to be able to compete with the beer and wine companies on a level playing field. After all, they said,

doing so was clear: sales of the big television networks "get back on the ban".

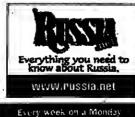
hard liquor had been declin-ing in the US for two decades, while sales of wine voked a backlash. Public health advocates accused the liquor industry of targeting the young, and the president self urged companies to With the industry showing no inclination to budge, the administration is now seek-

not on alcohol, a leading contributor to car crashes, murder and spicide - the three main causes of death among people aged 16 to 24. On the other, the US constitution provides powerful protections for advertisers' right to free speech. And if liquor advertisements are banned, why should those for other alcoholic drinks be allowed to stay? Some observers believe the

liquor industry's hidden genda is not to get its own advertisements on the air. but to get those for other alcoholic drinks banned. That would remove the wine and beer producers' edge. Liquor producers strongly

deny this. They say a total ban on advertising would harm everyone because it would send the wrong message about alcohol. Even so, the gambit looks like one from which, whatever the outcome, the liquor industry has little to lose.

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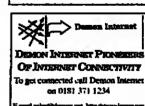
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Cyber : sightings

 There seems to have been a rash of golf magazines on the web recently, prohably indicative of tha increasingly high disposable income of business users both in the US and in the UK. Golf Today (www.golftoday.co.uk) looks like being on the initial navigation bar one of the better efforts. Updated daily, it's the first of its kind to be edited

specifically from Europe. Editor Stan Ellison says that: "[The Internet] is becoming more accessible because of the proliferation of computers at home and the workplace. The Golf golfers all over the world members and company impaired. You can even to interact on every cate employees to use as a busi- buy your own plot from \$25.

egory of the game." Central European Busi-

ness Daily (www.cebd.com) is a news service dedicated. to the central European region, compiled daily by e-mail from reporters in the region. Well worth e look if you specialise in the former eastern bloc countries. Upside (www.upside.com)

is a rather nifty web journal covering the business of the technology sector. From the Bill Gates wealth counter through to the Real Audio interviews with key industry figures, it's well worth a look. It features a daily news digest, as wall as details of upcoming conferences and company profiles. check out the resting places

• Deloitte & Touche Con of notables from Plate to.

company and sectoral report information. The group is currently putting together its premium contents area.

• For some basic information concerning training. specifically for women in Europe, try the Interna-tional Training Centre for Women (www.euronet.nl/users/itto). It's not pretty, but might steer you in the right and how to source the direction if you're in the suitable training packa personnel field. • Terraformers, & Californ-

is based firm of web developers, has moved away from its usual fare of creating virtual worlds to a virtual burial ground (www.tombtown.com). Visitors can eulting Group has set up
PaerScape (www.peerscape.com) as a centre for
"home of the living

ness resource. It contains to The UK Department of Trade and Industry has set up Business Links (www.businesskink.co.uk/) with partners including the Confederation of British Industry and the Training and Enterprise Councils to help with a range of issues affecting business. Some subjects covered are: raising money for growth; how to get into the export market; and how to source the most

> support services available to business and has a circlable map for the regions steve.mcgookin@ft.com

www.ft.com ; →

BUSINESS TRAVEL

Travel News · Roger Bray

Extra slots sought

Talks aimed at increasing the number of flights between the UK and Singapore are expected to resume this month. Singapore Airlines would like the bilateral air agreement relaxed so it can operate a third daily service to and from Heathrow. Unless capacity is increased there will be upward pressure on fares and business travellers might have greater difficulty booking the flights they

The airline also wants to start trans-Atlantic

ting

far less enthusiastic about

irlins executives often speak of put-ting "bums on

seats", but they are

connecting services from London. This could prove trickier to negotiate; hut if the planned link between British Airways and American Airlines leads to a UK US open skies agreement, SIA's proposed operation might take off in the slipstream.

Space for Angola Travellers to Angola should check that they have enough space in their passports for immigration stamps. Otherwise, the UK Foreign Office warns, they may be detained and

deported. The Angolan embassy in London says one full page should be enough. The Foreign Office says

there have been only low-key violations of the ceasefire between the government and Unita rebels, but expeiriates are prime targets for armed hold-ups, including carjackings. Extreme caption is needed in Luanda, the capital, in the early evening or at night . and visitors should not venture out of town without expert advice.

Heartening result Qantas says 23 people ... suffering heart problems

have been helped since it introduced defibrillators on aircraft and in sirport terminals stx years ago. Six survived long-term.

Dr Eric Donaldson, general manager of the Australian airline's health services, told a recent cardiology conference: "The equipment will not save every victim of a heart attack but it will give them a chance which would not otherwise be available".

Taiwan direct In spite of renewed tension between Beijing and Taipei, the imminent handover of Hong Kong is expected to hasten the launch of direct flights between Taiwan and the Chinese methland. Taiwan-based Chiffe

Airlines has aiready secure a guarantee from Belling that it will continue to serve Hong Kong for at least five years after the withdrawal Although its. management is anxious not to break political egysbells by appearing. over-optimistic some observers believe direct

operations could be ...

One potential sticking point is that Hong Kong, which is developing a new airport at Chep Lap Kok, stands to lose a significant amount of lucrative transfer.

approved by the end of this

traffic. The applie, which operates 105 round unps a week between Taipel and the colony, says about half the passengers tatch connecting flights.

Delayed en route Budapes! a efforts to market a new vigitors card providing thee and reduced-price access to a host of activities has been hampered by Hungary's customs guinofities, Kester Eddy writes

Ten days after the launch of the pass most of the stamps needed to validate the tickets were still stuck in the in-trays of customs officials.

Likely weather in the leading business centres 8 8 14 1 1 1 TO 17 17 to 20 10 BEIRUT

DAMASCUS

Roger Bray on the vexed question of censoring films on flights

No sex please, we're airborne

putting them on screens. There is a scene in Shine in which the central characgott, picks up the mail from the front hall of his London lodgings. His landlady bids him good morning and turns to watch him climb the stairs before realising he is wearing nothing hut a sweater. The scene underlines both Helfgott's naivety and his absent-minded concentration on his music.

But passengers watching the movie on United Airlines North Atlantic flights will he none the wiser. They will witness the landlady's bemusement - but not the reason for it. There is not a buttock to be seen.

United's non-US rivals blame the cut scene on the streak of prudishness that still runs through much of American society. "They probably had to keep an eye

on the Rible belt." notes one. When it comes to on-board censorship, however, US carriers are far from alone. If you are flying to the Middle East with British Airways, for example, don't expect to see Fierce Creatures, the follow-up to A Fish Called Wanda. Mark Horton, who hnys films for airlines including BA and Israeli carrier El Al. says: "I'm not fondamentalists. It was showing it on those routes hecause Jamie Lee Curtis wears extremely low-cut complaints from Arab pas-

Such censorship can which manages BA's in-flight entertainment. But carriers that miscalculate Although such stories are often based on vague memories, officials recall legal action by passengers who complained about films which included nudity, and the time Moslem passengers tore down a screen when they saw a woman's naked

Films which upset travelacceptable oo another. European airlines are now primarily concerned not to show gratuitous violence. Carriers based in Moslem areas - or operating there are generally happier to show violent action than too much bare flesh.

back as she climbed from the

There are exceptions even to this broad rule. BA avoided showing True Lies on Arab routes. The movie starred Arnold Schwarzenegger as a cross between Rambo and James Bond saving the world from Islamic clearly a wise decision, since the airline still had to field dresses and very short sengers who saw the film on

ter, the young Australian miniskirts and there is a lot other services and felt it ste-concert planist David Helf- of sexual innuendo." other services and felt it ste-reotyped them as terrorists. The problem, says United, appear patronising, says Neil is finding a common denomi-McBain, director of Speed, nator. "When our customers bave control of what they see - passengers in first class who can select videos can be asking for trouble. and watch them on handheld Sonys - we don't provide edited versions. The movie would just carry an 18 rating with a warning that It contained scenes showing whatever.

> "But when films are shown via the overhead system or on seatback screens we have to make sure that the majority of people can watch them without heing lers on one route are often offended. And that has to include children. Obviously the things we are sensitive to are violence, bad language and graphic sex. Some movles are simply too long for our schedules and will only be shown if the studio can come up with a cut version which is artistically accept-

> > United has organised focus groups of customers to test mistake. When BA ordered reaction to in-flight movies. It says that roughly 60 per cent of participants are in favour of editing. But, says the airline, "when It is pointed out that their children could be watching, the percentage is sometimes a little higher".

Sometimes airlines are BA faces a completely dif-



stuck with an edited copy by When Horry Met Sally, it rsquested that the film's defining moment, a scene of high comedy in which Meg Ryan fakes an orgasm in a cafe, should be left in. To its chagrin, it was sent the version that had been censored for its competitors.

ferent problem with the Oscar-winning British movie The English Parient. "There are some scenes which, by choice, we might edit," says McBain. "For example, there is one where someone who is believed to be a spy gets his thumbs cut off. You don't see the whole process but you see enough - the wire going over the thumbs and a people, oot shock them."

line of blood. I guess it's pretty chilling. There is also a certain amount of nudity. Efforts to negotiate cuts

with the director, he says, proved unsuccessful, "So, as an airline, you are left to decide whether to book a movie with scenes which some people might find offensive but which has just won nine Oscars, and which a buge number of other people will enjoy. We will probably get complaints, but we're going to put it on any-

BA also draws a sharp distinction hetween economy cabins where films are viewed on a common, overhead screen and premium classes, with multi-channel systems. "We do show completely unedited movies in Club and first class," Although it sometimes draws passengers' attention to the content of films, "we don't put a health warning on every single movie".

Some films would not be offered at all, says McBain. BA would probably not, for example, show the controversial film Crash, whose characters are sexually aroused by road accidents. "It might find its way into first-class video libraries, but only after very serious and lengthy consideration. We hotel" cubicle in the are trying to entertain city rather than face

When fare may not be fair

Tokyo, the city of the \$100 (£61) taxi ride, is finally giving its residents a break on its deadly taxi fares hnt only if you're just going around the block, AP reports from

Tokyo. Starting this week, a few select taxis in the Tokyo metropolitan area are cutting their minimum fare for a 1km ride roughly in half, all in the name of greater competition. But the "cheaper" taxis only give you a discount on

rides of less than 2km after that, they turn out to be even pricier than, well, the pricey ones. Taxi-riding is an expensive fact of life in Tokyo, where trains and subways stop running about midnight, often

stranding worksholic office men and leaving partygoers strolling the city streets after homs. Fares can easily run to more than \$100, and workers facing trips of an hour and more to distant suburbs often opt to spend the night in a tiny "capsule having to pay a hefty taxi

While the taxi move is being billed as a sign of a changing Japan, where regulations often keep prices sky high, it also provides evidence that for those who live in Tokyo things on the taxi front will remain pretty much the same.

Under the new system, which began with this fiscal year, some taxis will charge Y340 (£1.70) for the first kilometre.

After that, Y80 is added for each further 250 metres. That comes out to Y660 for a 2km ride - more expensive than the Y650 minimum under the old system.

Nagayoshi Saito, an official with the transport ministry, says the new taxi fare structure is aimed mainly at the growing ranks of elderly Japanese who could need quick rides to and from nearby railway

stations or hospitals. But you will need a dose of good luck to find one only 4 per cent of the taxis craising Tokyo's boulevards are using the new fares.

PUBLIC CALL FOR BIDS

SALES OF ASSETS AND TRANSFER OF LIABILITIES OF THE ONGOING BUSINESS

BANCO CONTINENTAL S.A.

Banco Continental S.A., duty authorized by its General Meeting of Shareholders (Banco Central del Ecuador), Invites demestic and foreign financial institutions, as individuals or consortia to participate in the Process of the Sales of Assets and Transfer of Liabilities of Banco Continental S.A. under conditions which assure the interests of the depositors and the public in general, and in such a way as to maintain the normal development of its financial activities.

For the purposes of this call for bids, financial institutions shall be understood as those entitles which regularly develop activities of financial intermediation or which demonstrate the ability to manage a financial institution

- 2. Information regarding the Process of the Seles of Assets and Transfer of Liabilities of Banco Continental S.A. may be obtained at the General Secretariat of Banco Continental on the fourth floor of its headquarters, located at calle Cordova 811 and Victor Manuel Rendon in the city of Gueyaquil, Ecuador, as of Wednesday, April 2, 1997, upon prior payment of the non-reimbursable sum of FIVE THOUSAND UNITED STATES DOLLARS (US\$5,000) as a registration fee, the payment of which must be made by certified check to the order of Banco Continental S.A. This information shall be delivered once a Confidentiality Agreement has been signed with SBC Warburg, a Division of Swiss Bank Corporation.
- 3. The Information on the Process of the Sales of Assets and Transfer of Liabilities is composed of:
 - a) A general information package on Banco Continental S.A., as of December 31, 1996 which contains: Conso Financial Statements, Investment Information, Portfolio Fixed Assets. Decosits and Human Resources:
 - b) The document "Instructions for Bidders"
 - c) The document "Procedures for the Awarding of Assets and Liabilities".
 - d) The list of Assets and Liabilities of Banco Continental S.A. related to the transaction, on diskette:
 - e) The draft of the Agreement for the Sale of Assets and
- f) Documentation regarding the Special Credit granted by Banco Central de Ecuador, under the protection of the article 28 of the Law of the Monetary System and the State
- 4. In accordance with that set forth in "Instructions for Bidders" bidders may make visits and perform interviews with the management of Banco Continental S. A. ("Due Ditigence") during a limited time and under the control and supervision of SBC Warburg. During these visits, the bidders shell have access to a data room ("Information Room" or "Data Room") in the headquarters of Banco Continental S.A.
- The bids, written in the Spanish language, must be presented in two sealed envelopes, with the due security measures taken to prevent knowledge of their contents prior to their official

- opening. On the envelopes the following titles must appear, Envelope A: General and Technical Information of X' and 'Envelope B: Economic Bid of X', in which X shall be the name or corporate name of the bidder. In addition, the bids must refer to all assets and liabilities stated in the List of Assets and Liabilities to be provided to the bidders.
- The bid shall be delivered to the General Secretarist of Banco Continental S. A. on the fourth floor of its headquarters, in the city of Guayaquil, Ecuador, by 4:00 p.m. Friday May 2, 1997, the date and time at which the receipt of bids shall close. The General Secretariat of Banco Continental S.A. shall provide the corresponding receipt to the interested party.
- On that same day, May 2, 1997, at 5:00 p.m., in the Board room of Benco Continental S.A., located on the fourth floor of the bank's headquarters, in the city of Gusyaquii, the Award Committee, composed of the General Manager of Banco Continental S.A., who shall act as chairman, and two members designated for such purposes by the Bank's General Meeting of Shareholders, shall proceed with the opening of the Envelopes A: General and Technical Information of the Bidders, in the presence of those bidders who wish to attend or their delegates.
- Bidders must not have Bigations pending or past the obsigations with either Banco Continental S.A. or Banco Central del Ecuador. The information presented by the bidders shall be maintained in strict confidence and shall be used solely and exclusively to evaluate the bids presented for the purchase of assets and transfer of liabilities of Banco
- The Procedure for the Awarding of Assets and Liabilities shall include the following steps:
- i. The Technical Qualification performed by SBC Warburg between May 3 and May 7, 1997.
- II. May 8, 1997, at 9:00 s.m. in the Board Room at Banco Continental S.A., the Award Committee shall open Envelopes B: Economic Bids, of those bidders who were technically qualified in the previous step.
- III. Between May 8 and May 18 1997, the award Committee. stance of SBC Warburg, shall proceed with the analysis of the economic bids.
- IV. The Award Committee shall determine the awarded bid on May 19, 1997 at the latest.
- V. The Agreement for the Sale of Assets and Transfer of Liabilities shall be executed with the awardes, following prior authorization by the Monetary Board, within its jurisdiction and the Superintendency of Banks, the latter under the protection of article 182 of the General Law of Financial System Institutions
- 10. Banco Central del Ecuador shall determine a reference price which shall be communicated solely to the Award Committee for the evaluation of the economic bids.

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

E TODAY Abbey Netl 1816% Non-Curn Sterling Pf 4.15p AM Group 3p Berbour Index 3.15p Bernius moet a 15p Bernius 65p Betscom U.2p Brudford & Bingley Bidg Scty 13% Perm Int Beering SHS 0850 British Assets Tot 1,16375p Perm Int Bearing SHS 2650 British Aserts Tet 1.16375p 8TM Pirance (Holland) Grd Dual Basis 8ds 2004 \$31028.47 Buckraft Group 0.25p Bullough 4.3p Cartion Communications 6.72p Cassidy Brothers 0.75p Cavaghan & Gray 1p Bectronic Data Processing 1.533p Eurodia Flectron 1.85p Pinelist Group 2.2p Grand Matropoliten 10.05p

Kolto Manufacturing 5.5% Bds 1999 Kolto Menufacturing 5.5% Bds 1999 Ye50000 Loratro 1.25p Do 1.75p Marchells 1.5p Menvier-Swain Group 2.15p Microgen 5.4p Microgen 5.4p Parkenti Group 2.4p Premark Int Inc 50.08 PWS 0.35p Cusyle Murro 4p Rank Group Finance 8%% Bds 2000

UK COMPANIES

Pacific Inv Tat, 3, Finsbury True, E.C., 12.30

E TODAY

COMPANY MEETINGS:

BOARD MEETINGS:

CPS Group
DCS Group
Goldsmittle Group
Intermediate Capital Group
Moss Bros Group
Thompson Citive Invs
Tratificmentar

Pinels: Reveneth Castrol

E TOMORROW

COMPANY MEETINGS

2.00 BOARD MEETINGS:

Brands Hatch Leisurg

Abbey National Treesury 9% Gtd Bd 2004 L450000.0 Beale 5.75p Burlington 0.7p Chrysolis 2.75p First Luisure 5.95p First Leisure 5,93p Hawtin 1,15p Leo 1 Class B May Boled FRN 2035 52161,18 Leo 2 Class B May Boled FRN 2032 5204,90 Nokla A FM3,50 Pomine 3,73p Philips Bec FL1,60 Poddetermant Flatinums 80,28

2837.50. Scottish Nati Tst 1.8p Sevem Trent 10.5p South West Water 11.8p United Kingdom FRN 2001 513.43Warner Estate 8.2p Westfood homestered 2.75

Warnford Investments 2.75p Wessex Water S.7p Wastminster Health Care 2.6p

Sharil 4.8p Syndicate Cap Tat 1.25p Treesury Fitg Rate 2001 £1.5565 Uniterer Australia 12% Gtd Bd 1968

III TOMORROW

Potgleterarust Platinums R0.28 Saylie Gordon (J) 1.1p

wiednesday April. 9
COMPANY MEETINGS:
Estates & General, Green Park Hotel,
Half Moon Street, W., 10.30
Heavitree Breweny, Trood Lane,
Metford, Exeter, 11.30
Mayflower Corpn, 50, Stratton Street,
W., 10.00
Pagestal Management

Ponnsit, King's Lyan Town Hall, Saturday Market Place, King's Lyan, Norfolk, 12.00

Robert Wiseman Dairies, 151, St

Arlwest 2.3p

CARD Finals: Abbot Group wardale Group Hotels

Friendly Hotels Highcroft lay Tat

III THURSDAY APRIL 10

Jermyn Inv Properties, 99, Charterhouse Street E

COMPANY METRINGS: Creet Nicholson, Runnymend Hotel, Windsor Road, Egham, Surrey, 12.00 French Property Tat, 7, Princes Street, 12.00

Charterhouse Street, E.C., 12.30 Jupiter Int Green Inv 1st, 197. Knightschrige, S.W., 10.30 Rank Group, Queen Elzabeth II Conference Centre, Westminster, S.W., 1.30

Henlys 10p Lex Service 9.5p Philip Morris \$1.20 Porvair 3.7p

Edinburgh Inc Tet 1p GGT 2.3p Heavitree Brewery 4p Do A Lim/Vtg 4p

IN WEDNESDAY APRIL 9

Brierley Invs NZS0.04

E FRIDAY APRIL 11

Alexanders 0.1p Do A Rest/Vtg 0.1p Bank of Melbourne FRN 1997 \$14.53 Alumaac 2,45p Amstrad 1,25p ian Dev Bank 11% Bd 2001 £110.0 BWD Sec 4p 1094 2002 65 0

Coletax & Fowler 0.9p Countryside Props 1.5p Domisio Printing 7p Gartinore Enterprise Tet 1.25p IAF 2.5p Irlah Permanant FRN 1996 E168.25 Matthew Clark 8p Met Water Board Grand Junction Water 3% Db £1.50 Do West Middx Water 3% Db £1.50 DKB Int Pxd/FRN Apr 2005 \$30712.50 Dudley Jentima 1.59
Fleming Inc & Growth Inv Tst 2.73p
Flying Flowers Units 3.4p
Gardiner 0.65p
Inn Business 1p Nippon Credit (Curacato) Fin Gtd Fxd/ FRN Oct 2004 \$3096,53 Norsk Hydro S¼% Bd 1997 \$412.50 Slebe 4.9p ngton 12.85% Rd 2007 £6.325 Jos 3.15p Londón Fin & Inv 0.8p State Eac Comm of Victoria 11% Gtd Nts 2002 AS110.0 Stoves 2p Newmen Tonks 4.4p Stakes 1.2p Tonkins 3.08p

E THURSDAY APRIL 10 Treatt 3.8p Trust of Property Shares 1.8273p

Vincents Street, Glesgow, 4.30 Ryland Group, Netl Motorcycle Mulleum, Coventy Ploed, Bicke Soffull, W.Midande, 10.30 BOARD MEETINGS:

E SATURDAY APRIL 12 E SUNDAY APRIL 13

Treasury 9% Ln 2008 £4.50

French Cons RMC Group

BOARD MEETINGS:

FREDAY APRIL 11 COMPANY MEETINGS: St Modwen Properties St Modwen Properties, Ironmongers Half, Berbican, E.C., 12.00

Company meetings are annual general meetings unless otherwise stated. Please note: Reports and accounts are not normally available until count everyge at gatheen brack This list is not necessarily comprehensive alone comp no longer obliged to notify the Stack Exchange of imminent annoucements.

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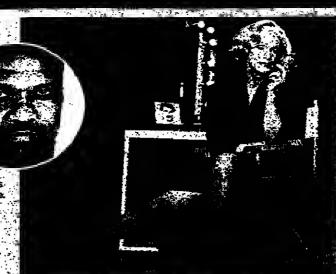
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LONDON David Alden and Mark Elder, two leading lights of Opera's Powerhouse era

ew stading of. Demnetion of Faust, opening Bottone sings the title role, with Willard White (above, right) as Mephis

Coliseum with a

(above, right) as mepresupments and Louise Winter as Marquerite. Stan Philips, (right) returns to the West End on Tuesday as Dietrich – in Marfene, e play by Pam Gerns – at the Lyric. Shaftesbury Avenue. S Mathias, who directed Philips In the National Theatre's 1995 A



ARTS

MUNICH A focal point of this year's fublich Biennale, opening of The Junioer Tree, a new ope sponsored by the British and staged by David McVi fler times performances a

BOLOGNA

The Nuova Scena pre Buchner, which includes the



Week the Gate Theatre





The musclebound, psychotic twosome - Patrick O'Kane as Wayne and Dena Davis as Scout

Holster-packed passion

David Benedict finds there is more to Popcorn than thrills and kills

marily a reflection, albeit distorted, of society's messages to its people . . . if we collectively opt for the misanthropic, that's what we must surely get back." So said Oscarwinning film director Anthony Minghella.

Bruce Delamitri, the Oscarwinning director in Ben Elton's exhilarating, fiercely satirical comedy has no such qualms. His bonanza movie Ordinory Americans contains 57 killings across four states but has alleeedly inspired random copycat murders by a white trash couple Wayne and Scout, "the Mall

"I don't make killing cool. I make killing in the movies cool." argues Delamitri. The New York Times hailed his violent, glamorous portrait of murders to rock music as "ironic and subversive"

success clutching a Miss February centrefold only to come face to face with the real-life killers.

Elton's zinging, punchy thriller has a cartoon vigour and a boister packed with smart-mouthed one-liners but more surprisingly. Popcorn has the moral purpose of Jacobean revenge drama. Like Delamitri, the freeborn American killers - not a million miles away from the creations of Oliver Stone - want to disclaim all responsibility and are willing to sacrifice Delamitri's producer. wife and daughter to carry out their plan

"Straighten yourself np, there's going to be TV cameras," barks the braying Debore Weston as the hard-bitten, bottle-blonde wife at the comic-horror climax. Celebrity guarantees that no matter how guilty you are, you can

T t has always seemed clear and he staggers home from Oscar debate about individual responsi- depth to the amoral Delamital, bility in a Shaftesbury Avenue comedy is as shocking as walking in on Mickey Mouse having sex, but Popcorn is much funnier. The sequence about pubic hair stylists on nude photoshoots - "one bell of an occupation. I'd work weekends" - is not only a West End first, but reduced the women

in front of me to hysterics. Elton also works big laughs out of the inverted system of valnes. Dena Davis is terrific as guntoting Scout, flipping between creepy innocence and psychotic anger as she insists her boyfriend take his feet off the sofa while wreaking havoc on Jane Clough'e perfect, tasteless set. She is more than matched by a malevolent, marvellously assured Patrick O'Kane as Wayne, a swaggering. musclebound stick of dynamite

on a terrifyingly short fuse. Danny Webb does everything in his considerable range to bring Tel: 0171 494 5070

but even be cannot quite turn the debate into fully realised drama. The construction is tight but you sense Elton's original novel had more space to flesh out his ideas.

The slow start is short on action as the producer mouths the centre-right position on violence, but if he has such scruples, why make the movie in the first

For fully imagined characterisation driving intellectual debate Popcorn isn't in the same league as David Hare's masterly Racing Demon, but it is even more urgent and Elton's moral passion charges over the implausible plotting. His coup is using the horror-thriller form which he so smartly satirises. It will be a great movie. As it is, Poncorn is, literally, a bloody good night out.

Apollo Theatre, London W1,

Allen Ginsberg: the Beat goes on

The influence of the poet laureate of libertarianism, who died this weekend, will endure

llen Ginsberg, who died of liver cancer in Village apartment on Saturday, aged 70, had become the grand old man of American poetry. Not that he ever diluted his dithyrambic approach to art and life or lost the spurs won in the Beat days of the '50s, but in his last 10 years he was canonised by the High Priestess of East Coast poetry criticism, Helen Vendler, who said in ber Faber Book of Contemporary American Poetry: "In tha long elegy for his mother, 'Kaddish', Ginsberg made a founding gesture comparable to that made in the black

vernacular by Langston Hughes. That was the Jewish Ginsberg, who came to the fore in later years, but first he was an expert in American paranoia. His first great celebrated poem "Howl" (1955), brings the eye of a George Grosz to contemporary American

"Moloch! Moloch! Robot apartments! invisible suburbs! skeleton treasuries! blind capitals! demonic industries! spectral nations! invisible madhouses! granite cocks! monstrous

"Howl" was dedicated to Carl Solomon, a patient he met during a stay in a psychiatric ward. Forty years later, Ginsberg was reciting his poetry on cable TV.

Against what be perceived to be the terrors of the American empire Ginsberg celebrated spontaneous sexual joy (homosexual), jazz, hallucinogens, India, the freedom of the road. In return, the nptight State put him under surveillance J Edgar Hoover suggesting that

he had "a propensity for violence

and antipathy toward good order and good government." The technique with which he created such a dramatic effect was derived from Walt Whitman. Only these two poets have succeeded in the infinitely chancy business of creating those great rolling paeans of ecstatic

praise and demonic blame: "What peaches and what penumbras! Whole families shopping at night! Aisles full of husbands! Wives in the avocados, babies in the tomatoes!" ("A Supermarket Market in California").

In e strange way he also memorialised the junk of America. In "Sunflower Sutra" he sits with Jack Kerouac by the banks of the "tincan banana dock" and sees a single sunflower

poised against the detritus. But most of the matter of the poem is dreck. "Black treadless tires, forgotten and unretreaded, the poem of the riverbank, condoms &

In the concluding lines he foresees the hippy paradise: We're not our skin of grime, we're not our dread bleak dusty locomotine, we're all beautiful golden sunflowers inside" - lines Jord Mitchell echoed 11 years later in "Woodstock": "We're stardust, we're golden, and we've got to get ourselves back to the

t was inevitable that ? Ginsberg would be courted and feted in the '60s, His polymorphous perversity was just what the decade demanded. His address book was the underground and most of its luminaries sat at his feet. Or not quite. When he met the Beatles at a party in London in 1965 he was naked with a "Please do not disturb" sign hanging from his penis. That was not the Beatles' way, quite: they stormed out, Lennon hissing: "You don't do

that in front of the birds". It was also not surprising that he would be drawn to India, but his was not just the standard

hippy quest for enlightenment. His Indian Journals (1970) reflect e fascination with the teeming disorder of the place. India too was a Moloch.

There is no Whitmanesque tradition in Britain, where he was always regarded as an exotic. His most famous appearance in this country was at the Albert Hall in the Poetry International of 1965.

Last year saw a repea performance in Michael Horovitz's Poetry Olympics at the same venue. Ginsberg's last book of poems, Cosmopolitan Greetings (1994) was greeted by Horovitz as "honest to goodness socio-spiritual teaching, hard-hitting humanistic prophecy and inspired verbal invention of a unique and invaluable order... Is there any poet in the West pushing 60, never mind 70, as Ginsberg is, who's gone on with the same comparable energy and commitment?"

In fact, his energy was much diminished in later years by illness but the spirit remained intact. Only last week he completed a series of short poems, including one called "Fame and Death".

Peter Forbes



Allen Ginsberg: the influential Beat poet whose visionary work, specialis ecstatic praise and demonic blame, inspired a generation

INTERNATIONAL

AMSTERDAM

DANCE Tel: 31-20-5518117 The Dutch National Ballet: perform "Diamonds" choreographed by George Balanchine, "Ruins of Time" choreographed by Wayne Eagling and "Les Présages" choreographed by Léonide Massine, all to music by Tchelkovsky; to Apr 9

■ BERLIN

CONCERT Konzerthaus Berlin Tel: 49-30-203090 Berliner Sinfonie-Orcheste with conductor Michael Schonwandt and baritone Eike-Wilm Schulte perform works by Brahms; Apr 10, 11, 12 Philharmonie Berlin - Gross Saal & Kammermusiksaal Tel: 49-30-2814383 Chamber Orchestra of Europe: with conductor Emmanuel Knvine

and pianist Marie Joao Pires

perform works by Stravinsky, Chopin and Strauss; Apr 8

Discovering a passionate

■ EDINBURGH

EXHIBITION Scottish National Portrait Gallery Tel: 44-131-5568921 John Kobal Photographic Award: selection of entries for this year'e photographic portrait submitted by 1,200 photographers across Europe. North America, Australia and Japan; from Apr 10 to Jun 1

■ FRANKFURT EXHIBITION

Museum für Moderne Kunst Tel: 49-69-21230447 Views from Abroad: European Perspectives on American Art II: the second part of the gallery's exchange of exhibitions with the Whitney in New York. Artists featured include Andre, Baldessari, Cage, de Kooning, Hopper, Johns, Lichenstein, Nauman and Pollock; to May 4

LONDON

CONCERT Royal Festival Hall Tal: 44-171-9604242 Nigel Kennedy: the violinist with gultarist John Etheridge and double-bassist Rory McFarlane performs works by Bach, Bartok and Hendrix; Apr 10 St Martin-in-the-Fleids Church London Soloists Chamber

Orchestra: with David Josefowitz

and the English Chamber Choir

perform works by Mozart and ethoven: Apr 10

EXHIBITION

Christie's Tel: 44-171-8399060 Houghton at Kenwood: exhibition of Old Masters from the collection of Sir Robert Walpole, Britain'a first prime minister. The paintings were transferred to Houghton Hall, Norfolk, on Walpole'e fall from power, where they remained for a further two generations until almost 200 pieces were sold to Catherine the Great of Russia in 1779. Two centuries later some of these paintinge have been returned, on loan for this exhibition; to Apr 20 Royal Academy of Arts Tel: 44-171-4397438 The Berlin of George Grosz: this is the first exhibition in Britain to feature the graphic work of the German satirist since 1956. His

work describes life in Germany from the and of the first world war through to the rise of Fascism; to

■ MADRID

EXHIBITION Fundación Juan March Tel: 34-1-4354240 Max Beckman Retrospective: exhibition featuring 35 works completed by the German artist between 1905-1950. Beckman was at the forefront of the German avant-garde with work that forsook Impressionism for New Realism; to Jun 8

■ NEW YORK CONCERT

Alice Tully Hall Tel: 1-212-875-5050 New York Chamber

Symphony: with conductor Hesse Levine, oboist Diana Doherty, cellist Jan-Erik Gustafsson and pianist Fazil Say perform works by Strauss, Tchaikovsky, Saint-Saens and Mozart Apr 10

EXHIBITION Brooklyn Museum

Tel: 1-718-638-5000 American Paintings: Ashcan and Modernist: display of works taken from the museum'e own collection of paintings from the first half of the 20th century. Featured artists include Florine Stettheimer, Marsden Hartley and Georgia O'Keeffe; to Jun 29 Museum of the City of New York Tel: 1-212-534-1672

 The Streets and Beyond: New York Photographs, 1900-1960: exhibition featuring 70 recently acquired works chronicling street life in New York. Photographers include Berenice Abbott, Robert Bracklow, Harold Feinstein, Rudolph Simmon and Hans Vogt;

OPERA

Metropolitan Opera House Tel: 1-212-362-6000 ■ Madama Butterfly: by Puccini, Conducted by John Fiore, performed by the Metropolitan Opera, Soloists include Michele Crider, Franco Farina and Alan Opie; Apr 8, 11

OSLO CONCERT

Oslo Konserthus

Tel: 47-22-833200 Oslo Filharmoniske Orkester: with conductor Hiroshi Wakasugi and soprano Eshild Skirl Refsdal perform works by Debussy and Messiaen; Apr 11

OXFORD

EXHIBITION Ashmolean Mi Archeology Tel: 44-1865-278000 Pastels: selection of works from the museum'e permanent collection, including pieces by Degas, Pissaro and Pasternak; from Apr 8 to May 11

PARIS **EXHIBITION**

Fondation Cartier pour l'Art Tel: 33-1 42 18 56 50 Coïncidences: display of works by contemporary French artists including Plerre Bismuth, Michel Blazy, François Curlet, Didier Marcel and Eric Duyckaerts; to

OPERA L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99 Parsifal: by Wagner. Conducted by Horst Stein, performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Wolfgang Schöne, Gwynne Howell and Jan-Hendrik Rootering;

■ STOCKHOLM

Nationelmuseum Tel: 48-8-6664250

 Masterpleces from Utrecht: display featuring 30 paintings on loan from the Centraal Museum. Utrecht. The works date from the 16th and 17th centuries and include "Madonna With The Wild Roses" by Jan van Scorel; to May

■ THESSALONIKI EXHIBITION

Thessaloniki Cultural Capital '97 Tel: 30-31-867860-6 Sir Antony Caro: "The Trojan War": exhibition of work by the British sculptor who produces abstract metal structures utilising welded objects and painted me sheets. The display consists of a set of sculptures making up an liation entitled "The Trojan War". The exhibition takes place at the Institute Français; to Apr 24

VIENNA **OPERA**

Volksoper Wien . Tel: 43-1-514442960 Der Zigeunerbaron: by Strauss. Conducted by Bauer-Theussl and performed by the Volksoper Wien. Soloists include Karwautz, Prager and Mavropoulou;

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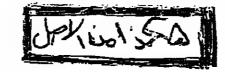
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17.30 Financial Times Business Toniant

CNBC: 08.30 Souzwk Box

10.00 European Money Wheel

18.00 0 🗠 Financial Times Business l onight



Management · Victoria Griffith

Who cares for the carers

Some employers in the US are helping their staff to Care for elderly parents

When Mr David Bryson'a 80-year-old mother was rushed to hospital last November he faced a crisis that threatened to spill over to his work. As the lawyer in charge of the Bank of Boston'a merger with Bay-Bank, he could not afford to take tima off. Yet he had to make sure his mother received the care sbe needed after she left bospital.

Mr Bryson turned to the resource centre set up by his employer, BankBoston, as the post-merger entity is called. "I always thought my parents were my personal responsibility, and that I wouldn't need assistance, least of all from my company," says the lawyer. "But I just couldn't manage on my own and keep up with the pressure at work." The resource ceptre directed Mr Bryson's mother to a rehabilitation centre, where she spends most days, and found a nurse for nights.

Corporate America is waking up to the mounting pressures that workers face in caring for elderly relatives. According to the National Council on Aging, about 10 per cent of the workforce has responsibility for at least some aspect of caring for the elderly, rang-ing from help with shopping to intensive nursing. A carer's job performance may

suffer as demands increase. The problem will only say experts. Parents of the "baby boom" generation - Americans born in the 1950s - are ageing, and many will soon need substantial support. Women, traditionally the primary ness during working hours. providers of care for the elderly, have joined the workforce and are unable to assume total responsibility. While the crisis is probably most acute in the US, where government assistance is become a concern in Europe. To maintain productivity,



US consultancy that advises companies on "eldercare" issues, recently opened a London office in the belief that European companies will acon be seeking guidance in this area.

Care responsibilities affect productivity in many ways. Workers may need time off to deal with their responsibilities, and when illnesses become seriooa they may become highly distracted. One hig effect on productivity, say employers, occurs when workers spend hours on the telephone, gathering information on care and sorting out bills. Workers are not intentionally ignoring their jobs, say companies, it is just that the people they need to contact do busi-

"When an elderly relative gets sick, a previously productive employes may become ineffective," says Skip Schlenk, head of work/ family issues for AT&T, the telecommunications group. less comprehensive, care for "We see rising rates of the elderly is starting to absentecism and tardiness."

companies are starting to offer a helping hand. One aclutico is access to a resource centre like the one used by Mr Bryson. These centres provide datailed information about local care providers, explain which costs might be covered by insurance, and direct workers to free community services - helping employees

cut through red tape. "A lot of towns offer things like a hus service, educational classes and inhome belp to the elderly," says Ms Diane Piktialis, vice-prealdent Work/Family Directions.

"But finding out what's there can take a lot of time. A company can save workers all that research effort." Companies providing access to a resource centre include the telecommunications groups Nynex and AT&T, computer companies International Business Machines and Hewlett-Packard, Bank-Boston, and the accountancy firms Deloitte & Touche and Price Waterhouse.

Work/Family Directions, a a growing number of US taken further steps to reduce weather the storm.

the burden of care. IBM and AT&T donate money to fund community transport. "We find that one of the biggest demands on workers with older relatives is chauffeuring them around," says Mr Ted Childs, head of family

programmes at IBML Favourable insurance plans are one of the latest corporate initiatives. John Hancock, the life insurance company, offers workers bealth coverage for ageing relatives and long-term care insurance - which would cover the cost of a nursing home should it become necessary. Typically, employees bear the cost of the insurance, but because it is provided through the company they obtain far better rates.

The flexible working hours that companies started to offer when childcare became a big workplace concern are valuable in dealing with eldercare issues. But experts aay corporations should remember that dealing with ageing relatives can be far more complicated than managing young children.

StrideRite, a children's footwear manufacturer, closed its care facility two years ago because of limited demand from workers. Most relatives, it turned out, lived some distance from employees and were not interested in being taken to daycare.

The dynamics of dealing with eldercare are very complicated," says Ms Piktialis They are adults, and will naturally want to make their own decisions, as opposed to children, who have to go

along with the parents." Even the most comprehensive package will not resolve all the issues. Twe talked to some of our employees who care for ailing parents, and they are often in incredible emotional pain," says Ms Katharine Hazzard, manage of work/family programmes at John Hancock.

What is needed may be a heavy dose of patience. While care issues can place workers under enormous pressures, the work conflict is usually temporary. From the employer's point of view it is probably well worth-Some companies have while to help workers

No prospect of commission relaxing in its pursuit of open-skies policy in Europe

Sir, Your constructive editorial ("Open skies in Europe", April 2) recognised the gains that have been made and the advances that still need to be made to achieve the full potential of civil aviation liberalisation in the European Union.

I share your assessment and, with my colleagues, I heed your advice that "the commission must not rest on its laureis". Indeed, there is no prospect of such relaxation when we are corrently engaged in several further aviation initiatives in efforts to reduce costs. improve the use of capacity, increase efficiency and

strengthen fair competition while maintaining or better - improving the good standards of safety in the EU industry.

For instance, the liberalisation of ground-handling law is in place, our proposals for a

regulation will shortly be orblished and the farthcoming draft directive on airport charges will, among other things, propos an end to discriminatory

Meanwhile, the final fev applications from public-sector investors for commission agreement to capital injections for restructuring are under rigorous consideration. The era of state-aided civil aviation is now coming to its end - more slowly than many would like, but surely,

In these and other efforts - not least the essential reform and modernisation of air traffic management which we continue to pursue - the active assent of member state governments is clearly vital. Indeed, it is an absolute pre-condition of any legal change and critically important for effective implemen-

tation and enforcement. While the commission will certainly not rest on any of its liberalising laurely therefore, I hope that the Financial Times and others will continue to deploy the rational arguments in favour of all governments' willing participation in the further

evolution and application of

Neil Kinnock transport, Rue de la Loi 200, B-1049 Brossels.

the strategy.

From Mr Simon Bishop Sir, in your editorial "Onen skies in Europe", you rightly identified access to landing and take off slots and state subsidies as the two potential obstacles to the development of effective competition in the KU aviation industry.

However, your stance with regard to sisportiset which there are physical as opposed to political constraints on slots is surreisine.

The suggestion that the

reallocation of side with

substantial scarsity value is relatively specifing, not a matter for concern ignores the fact that market clearing prices are unificity to result in slots being used in the most efficient manner from the consumers perup Airlines with a high now animal positions of a migning to best signed paint at the position of signs at an animal animal signs at an

slot purely to prevent the the lucrative menopoly revenues it entres on some of

Simon Bishop, Case Associates, I Northumberies London WCHY 5BW, UK

Unfair come-uppance for Daewoo

From Ms Jane

Harrad-Roberts. Sir, It is criminal how the motor trade has kept the stranglehold it has over the British car-buying public, A "knight in shining armour" emerges and Daewoo successfully sets the industry in a spin by offering customers what they want rather than

Sir, I find it striking on returning permanently to

London after more than 20

years in other parts of the

world that there are so few

trees in the City of London

As I go through my first

spring in London for many

years I look for the bursts of

"any colour as long as it's black". In a last-ditch attempt to stick the knife in

(or should I say sword?) the motor trade is finally giving Daewoo its come-uppance, as John Griffiths reported in his article ("Daewoo under fire from motor trade". (March 29/30).

If Daewoo's marketing professionals are as good as they have proved to be in the past they will retaliate with a quote from Antotrader/Buy & Sell or similar, saying what good

the otherwise dull views and soothe us in summer.

cities seem to have taken a

more positive approach to

city greenery. Can some-

thing be done in the City?

One brave tree beside the

Bank of England, at the

Many other leading world

value a used Daewoo is. Surely what governs the price of a used car is what someone is willing to pay for it, and used car guides reflect this value - or have I taken a free-trade economy a little too far?

Jane Harrad-Roberts. consultant director, Marketing Projects, Gawer Park, Chester CH1 4DA, UK

Sad shortage of trees in City of London green leaves that will soften junction of Princes Street

and Lothbury makes a tremendous impact among

the otherwise dull slabs of

Brian S. Walling, 50 Queen of Denmark Court, Finland Street.

London SE16 1TB. UK

CORRECTION

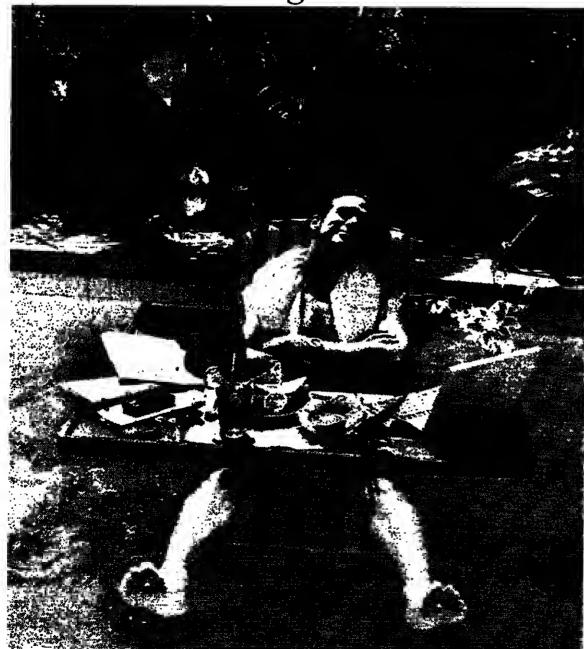
Alastair Ross Goobey

The publication of Abstair Ross Goebey's letter en corporation tax cradits and pension funds ("Tax change by Labour would put pension funding under pressure", April O contained two transcription errors.

In the penultimate paragraph, the words "yield rate" should have been "yield ratio". " And the final paragraph

should have read; "It would be ironic if a thoughtless act of a new government would be to undermine the first attempt to back the pension promise with assets, and move the balance still further against the funded pension schemes with which Britain has secured its workers' futures so much better than most of its trading partners."

"I've had to fly, sit in taxis, attend meetings and live on snacks for 24 hours straight. Now what?"



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Samuel Brittan

Work as its own reward

Money is not the only motivating force in a free society, argues a Swiss economist



markets and prices in harnessing information dismillions of peopla is, or should be, be,

The value of

well known. So should their value in providing incentives to supply, at a minimum cost, the services required by fellow human beings. But it is equally known

that many activities are not just undertaken "for the money" and that the intrusion of explicit markets into some human activities is destructive. If you were served a delicious meal at a friend'a home and immedi-ately handed over an appropriate payment you would probably be shown the door and have destroyed the friendship. Judas Iscariot is. forever remembered for having betrayed his master for a

But how should we relate these two types of insight? Some people emphasise one or the other, and most settle for a vague compromise. Now, at last, we have an economist, writing comprehensibly, who tries to bring the two together. Mr Brund Frey is a professor in Zurich who has long been preoccupled with the applications of his subject to wider areas of human behaviour.

In his forthcoming book*, he does not produce an inspiring, overarching the-ory of human behaviour. But he does suggest how the working economist or intelligent citizen can take into account what he calls intrinsic motivation". Still more important, he shows how this can be done without surrendering to the communitarians who would subordinate the individual to the group to which he or she

Mr Frey's insight is that, under certain conditions, the use of either cash reward or compulsion can weaken or destroy motivation. It can thus be inefficient as well as

He starts from the funda-mental law of market economics that a change in relative prices will affect both supply and demand. But to this normal effect must be added or subtracted any offsetting effect on intrinsic motivation. A child who is offered a gift by his parents for every household chore undertaken will soon stop helping without such a

is that a person deprived of the chance of acting on his own motivation will exhibit what Mr Frey calls "altruistic anger", and will not do anything without reward or penalty. Another name for the

adverse effect is the "demoralisation cost". A worker who suffers a pay deduction for leaving the lights on or leaving litter around will soon only respond to sticks and carrots.

Mr Frey's main contribution is to list the conditions under which the "crowding out" of the intrinsic motive by the commercial one will be important. Where relationships are

entirely impersonal, auch as in financial markets or supermarket purchases, intrinsic satisfactions can be more or less ignored. But they are important where personal relationships are involved - as in workplaces. They matter more where the unit is small than in vast

Mr Frey clearly has in mind the contrasts between the US federal government and a small Swiss canton. Intrinsic motivation becomes more relevant the

more interesting tha task involved. It will also be more significant if there is some element of worker control in an organisation.

Mr Frey emphasises that his book is not a plea for old-style government intervention. Indeed, the "crowding out" effects are often stronger with such intervention than with financial reward or penalties. Instead, he argues that human beings should be trusted more. "Desist from trying to steer humans everywhere and always," he writes.

An example is tax. If the citizen is not trusted (for instance through selfessment) and is assumed to be a potential criminal then a surly non-cooperative attitude will spread from tax to other duties.

The author supplies evidence that, where tax systems rely on trust, the degree of compliance is far higher than might be expected from a mere statistical analysis of the probability of being caught out and fined for evasion. He might also have added that punitively high marginal tax rates destroy motivation, which does not easily return when

organisations where there is the rates are subsequently little personal interaction. eased. Another example of the ill-

effects of compulsion is provided by military conscrip tion. The commander of the US army unit in the Gulf war of 1990 said: "I have fewer disciplinary problems commanding a third of a million troops now than I did in 1973 commanding 1,000 men

in the Vietnam war." There can be external intervention which reinforces intrinsic motivation, if it fosters rather than destroys self-esteem. (The latter is a category sadly missing from conventional economics.) An example of supportive intervention would be to send a wellchosen bunch of flowers to one's friend in the meal example given above. In pub-lic life, it would be conferment of prizes or bonours for a person's general profes-sional work rather than pay-

ment for specific activities. The author does not remanticise intrinsic motivation. "Robespierre and Himmler provided vivid examples that such motivated persons may create great evil."

But perhaps Mr Frey misses out on the lesser svils of working or living in a suffocatingly moralistic atmosphere, with colleagues always checking that one is doing one's duty. A trade-off in which those who do not carry out these little chores carn less or have fewer promotion prospects is easier to live with, although more dif-

ficult to arrange.

Even within the family, there are plenty of tensions associated with "I did the washing-up but you didn't mow the lawn". If side pay-ments were offered for extra tasks carried out, the edge may be taken off potential

At the very least, however, Mr Frey's crowding out the ory offers some comfort to those who have misgivings about macho managerialism. From now on they should be able to retain such misgivings without having to overthrow beliefs in markets or the profit motive.

Economic Theory of Eluman Motivation, to be published by Educard Elgar on May 15.

FINANCIAL TIMES

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Monday April 7 1997

A serious French farce

France's decision to bar General Electric Company of the UK for the defence electronics group Thomson-CSF shows just how sensitive government nerves bave become. It also shows how far the debate bas

drifted from economic realities. Europe's defence industry is badly splintered between small national markets, with far too much duplication of a limited research and development effort. Since the US has completed a consoltdation which Europe has yet to begin, the European industry is already supplying less effective weapons at higher prices than its US counterpart. If it is to survive even in the medium term, that

will have to change, and soon. Yet France seems to think It can complete an extensive internal restructuring of tts defence industry before it even begins to talk to its European partners. In reality, time is too short; some Europaan companies are already negotiating without France, while others are talking

to their US competitors. The only realistic options for the European industry are already clear. Defence electronics and military aircraft are the changes before the deadline for two main areas for rationalisa-

British Aerospace and Daimler Benz Aerospace, particularly on the Eurofighter. The two could act as a focal point for French

and Italian aircraft-makers. In electronics, the overlap cant companies, GEC-Marconi and Thomson-CSF, is so great that it defies bellef that anyone is considering anything other than a merger. A deal could easily be arranged to pool the two in a joint venture, akin to the power engineering group GEC-Alsthom, If the French government's 58 per cent stake in Thomson-CSF and the quoted Thomsoo minority were both bought up. GEC could own half the equity in the merged business in equal partnership with either Alcatel or Lagardère. The venture could then exploit the synergies across the full range of its operations to create a globally competitive group. If France really wants an expanded European defence identity,

it should embrace such mergers Yet this seems a deal France will not consider, on the spurious grounds that it would threatening national security. Unless this misguided view bids on May 7. Europe's defence tion. In military aircraft, there industry will remain fatally

IMF gamble

Camdessus, basic government services. managing director of the Interright to take another gamble on Russia. It is better to support

might make them succeed. been some impressive achieveinflation to between 1 per cent and 11/2 per cent a month, decontrol of most prices, trade liberal-

that it is unable to pay due

The extent of tax evasion is nattonal Monetary Fund, is part of a deeper malalse. As president Boris Yeltsin stated last month: "The state interreforms that may fail than to feres in the economy where it refuse to give the support that shouldn't, while where it should, it does nothing," Such The case for resuming dis-bursement of the IMF's three-iour is both the consequence year, \$10.2bn programme is not and the cause of the pervasive overwhelming, True, there have corruption and criminalisation. Yet the IMF's role is not to ments, notably the reduction of help perfect governments but to encourage sinners trying to do better. In Russia's case the new government seems strongly isation, and rapid growth of the committed to stabilisation and reform. But only with strong Yet, as Mr Camdessus noted foreign financial and moral suplast week, Russia's state is in port is it likely to be strong deep crisis. A worrying symp- enough to do what needs to be

tom has been its failure to done. The government could fail this gamble does at least wages and pensions and provide increase its chances of success. Welfare reform

Taxation and spending higher costs in benefits, crime dominated the UK party manifestos last week. Given that the welfare state accounts for two thirds of all government expenditure, that means its future is at the heart of the election.

There are two issues, one short-term, the other long. For the short, both the Conservatives and Labour are tied into spending plans - notably for health and education - that simply do not look credible if standards are to be maintained, let alone improved.

For the NHS in particular the next three years may be critical. Two parties which claim undying commitment to its preservation are, on present plans, unwilling to provide the means. Here, the Liberal Democrats have been most honest. With the current deficit, it is not possible to have both tax cuts and better public services.

In the longer term too, some-

thing will have to give if - and it is a big if - governments are to hold public spending at about 40 per cent of gross domestic product. The Conservative aim is to get below that figure. Labour has not been specific. But all its actions indicate it does not believe there is voter appetite for significantly higher spending. To be sure, there would be blg differences between, say, 43 per cent of GDP and 38 per cent. Even so, demography, and the higher standards which greater affluence demands, dictate that in the long run a refusal to spend more public money must mean

more private spending. One change that would ease those pressures would be higher levels of employment. Here, Labour's commitment to a multi-billion pound welfare-to-work programme would be a mer set to rise still further as critical experiment. The economics of the Labour programme are open to argument. But after two decades of dra-matically widening inequality there is also a moral and social case for improving access to work for both lone parents and the jobless - in the process pre- both to pay more and privatise venting the growth of an underclass which will itself bring honest about that.

and prisons. It is a route the Conservatives are also pursaing, though much less vigorously. Labour, if it wins, should assess the programme's impact in full, and if it works extend it. In the looger term, private

provision has to start with pen

sions and long-term care - the most predictable of the contingencies Here the Conservatives bave been boldest. But their undeniably radical plan to pri vatise pensions for the next generation brings forward costs in National Insurance rebates that will have to be paid out precisely over the period - up to 2040 - when public spending lation will be greatest. The big benefits arrive only after the demographic peak is reached. Meanwhile, their long-term care plans amount largely to a tax subsidy for inheritance for a smallish group of the better-off.

Labour's approach boils down to Mr Tony Blair's "trust me" a royal commission on long-term care and a pension review. limited by commitments to both tiers of the existing syssearch for greater private provi-sion, quite probably involving a higher level of compulsion.

looks likely - and necessary. After pensions comes higher education, because of its direct economic benefit to individuals Loans for all maintenance, and quite possibly for top-up fees, repayable on an income-related basis, are inevitable: an issue about which Labour and the Liberal Democrats bave been more open in their manifestos.

After that come issues such as bousing and disability benefits, for example, two of the fast more council housing transfers to the private sector. And there is the NHS Itself. Along with compulsory education, it is least susceptible to privatisation yet faces demands for higher standards. The truth is that on present trends, voters will be asked more. And no party has been

Protection for the piggy-bank

Although the aim of the new pensions act is to safeguard scheme members, it has attracted widespread criticism, says William Lewis

cial year, the UK years in an attempt to improve the protection of members of

occupational pension schemes. The 1995 Pensions Act comes into force, setting out new rules for pension scheme trustees and advisers and creating a nowerful industry watchdog. It also establisbes minimum funding stapdards that could force schemes to change their investment policies and companies to increase their

contributions. Some in the industry believe the new act will have little impact, since most schemes have already adopted many of its requirements as best practice. But others warn the consequences could be far-reaching

and not just in the UK.

The legislation has "unintentionally introduced a major destabilising force into the domestic market and to overseas equity markets where the UK investor dominates", says Mr Albert Edwards of Dresdner Kleinwort Benson, the German-

owned investment bank. The shake-up is a consequence of the events that followed the death in November 1991 of Robert Maxwell, the former owner of the Mirror publishing empire. Thousands of pensioners were left facing possible hardship after the discovery that more than £440m

was missing from pension schemes controlled by Maxwell. The act establishes a compensation scheme to pay benefits when fraud has occurred, and grants scheme members new rights to help them oversee bow savings are invested. Over the next 10 years, pension funds operating final salary schemes will have to reach a minimum funding requirement to ensure the value of their assets is not less than their accrued liabilities. And trustees of all occupational schemes will bave to provide a statement of investment princl-

investment policies for members. Civil servants say that implementation of the act follows one of the most extensive industry consultation processes ever undertaken. "The pensions industry has been consulted to death," says one government official. "They are the people that have to make it work and that is why we have given them such a big chance to change things."

ples which will set out their

Yet in spite of these efforts there has been widespread criti-

little improved protection for ne of the first consequences of the new regulatory system is an expected "avalanche of telephone calls" to Mr Roger Hills and Mr Joe Robertson, dubbed Starsky and Butch

television show. They are the regulatory directors of Opra, the pensions industry watchdog, and the people anditors and actuaries must contact if they suspect the pension schemes they advise are not complying with the

by some in the pensions industry

after the detectives in the US

warn the new rules could lead to instability in financial markets and regulatory chaos. Among the former is Mr Ken

Thomas, a trustee of the British Telecommunications pension scheme, which is one of the largest in the UK. He regards the act

as "a bit of a nuisance". He says the board of BT trustees is "having to rework a few things we do ... [but] while the regulations are enormously long and difficult, there is not much

more to it than that". Those who are more pessimistic, such as Mr Edwards of Dresdner Kleinwort Benson, argue that the minimum funding requirement "will exacerbate economic volatility". He says that instead of buying shares when prices are falling - when they are relatively inexpensive - schemes may force their investment managers to sell shares and realise cash, and so reduce further risk.

Mr David Gamble, chief executive of British Airways Pension Investment Management and a senior figure in the pensions industry, is also concerned about that some companies will be torcea to put extra cash into

pension fund members in the largest investment groups. scheme members, and those who workforce. "It is entirely possible that tears could be shed quite soon," he says.

The introduction of a minimum funding requirement as an annual check oo the solvency of pension schemes could also help push many funds towards bonds. Schemes with a high proportion of shares run a higher risk of falling below the minimum requirement because of the greater volatility of shares. Increasing the proportion held as bonds could avoid the danger of a company having to pay extra

he minimum fundingrequirement will increase the rate at companies switch from final salary schemes to defined contribution schemes, which do not have to comply with the rule, say others. The requirement "could help hasten the end of final salary schemes", says the chairman of a leading investment management company.

Soma consulting actuaries and the requirement. He points out fund managers say such warnings will prove over the top. industry. The critics vary schemes during recession to ket instability and chaos are not act will be in meeting the between those who see it as an maintain the value of the funds. from centre-field," says Mr Willed requirements of the new pension liam Nott, head of institutional fund regulator, the Occupational

But fund managers and actuaries believa the act could have an impact on investment trends over the longer term. In particular, the requirement for trustees to draw up a statement of investment principles will encourage

more trustees to set specific

investment targets for the man-

agers of larger pension schemes. At the moment most trustees require fund management companies to invest in a balanced range of assets. But Mr Nigel O'Sullivan of actuarial firm Bacon & Woodrow says that, because each statement must detail the balance between different kinds of investments, "many trustees are asking why they are not parcelling out more to specialist man-

agers of asset classes". He says discussions over statements have also "made trustees more aware that scheme funds should be invested to meet liabilities". With most occupational schemes experiencing increases in the proportion of members drawing pensions, actuaries predict a long-term trend towards greater investment in fixedinterest and index-linked assets, which are safer investments.

rate finances to the detriment of business at M&G, one of the UK's Pensions Regulatory Authority.

To back up its demands for information and general compliance the industry about the stiff penalties it can levy.

In one speech Mr John Hayes, Opra chairman, told employers they risked criminal prosecution if they failed to pay employee pension contributions into pension schemes by a set deadline each month. Opra has since sought to ease fears by stating it sees "its prima role in the early days as helping to achieve compliance, not applying sanctions as a matter of course" on schemes which fail to meet the requirements of the act.

Trade unions and activists have criticised Opra's inability to stop most pension schemes opting out of rules requiring them to appoint trustees nominated by members. Under the act, if schemes get the support of members they are able to avoid changing the structure of their board of trustees. But activists believe this could undermine an important part of members' protection.

For government officials, the real test of the act will be how well Opra deals with the first pensions scandal. "With anything dle it will be crucial," one official said. "If it proves toothless, then we will go back and look at the

Mr Hunter Devine, chairman

of the Association of Consulting

Opra's Starsky and Hutch

rules of the Pensions Act. its regulators informed - and minority of cases, schemes are Like Starsky and Hutch, who plans to record details of every unlikely to have all the processes blowers in the pensions industry to help them fight wrongdoing. Under the rules of the Pentinely receive information such

as annual reports from pension

schemes. It will therefore be reli-

ant on scheme advisers to keep

rontinely relied on inside infor- telephone call in a databass mation supplied by Buggy Bear, designed to help spot potential act in place by today. Advisers they will rely on whistle- frand at pension schemes Mr Hills and Mr Robertson sions Act, Opra will not ron- likely to be probing, "Our big-

admit they have little idea what number or sort of cases they are gest challenge is not knowing the volume of work or nature of it," says Mr Robertson. Surveys show that, in a large

detective chief superintendent.

expected to deluge Opra with "Our job is to separate the wood from the trees, but first of all ws must find ont where the wood is." says Mr Hills, a former

plying with the act are therefore.

Actuaries, has warned of chaos as "thousands of irregularities are reported". Mr John Hayes, Opra's chairand procedures required by the anxious to ensure they are com-

man, acknowledges that its requirement that advisers blow the whistle if they spot any wrongdoing "has flushed out a considerable degree of anxiety". But he believes that this will soon dissipate.

"Once the thing is up and running and people have got used to tt. things should settle down

BSERVER

Otherwise engaged

■ Italy is crazy about mobile phones. But a Turin magistrate has declared that enough is enough; to prove his point he's taking to court the former chairman of Alitalia, as well as the Italian flag carrier's chief executive and its head of flight operations.

It all started 15 months ago when a passenger left a mobile phone switched on as an Alitalia flight was landing at Turin. The interference caused by the phone on cockpit instruments forced the pilot to take pre-emptive action to avoid an accident. Another startled passenger reported the incident and the magistrate duly started an

His investigation unearthed some alarming facts. Between 1993 and 1996 there were 100 cases on Alitalia airliners of electromagnetic interference from mobils phones, video s and the like

Raffaele Guariniello, the magistrate, decided to charge Renato Riverso, Alitalia's former chairman, who was brought in from IBM to try to restore the airline's fortunes before resigning last year, Domenico Cempella, the chief executive appointed during last year's management shake-up, and

Pierluigi Quarenghi, the head of flight operations, could also find themselves in the dock. All three have been accused of

breaching safety regulations because, according to the magistrate, Alitalia had failed to inform passengers and check that all electronic equipment was switched off.

Golden egg ■ Canadian minerals company

Tan Range could have struck lucky in Tanzania; the snag is that the locals got there first. The company has been prevented from drilling on its property near the village of Itetemia - adjacent to the proven Bulyankhulu gold deposit - by a Klondike-style influx of local prospectors. Hundreds of miners have descended, digging for gold using rudimentary equipment and a makeshift crusher to process ore. in the best gold-rush

and lodgings for this army of fortune hunters. It's all a bit frustrating for Tan Range, which with assets of C\$8.5m is hardly a giant of world mining. The company has stopped drilling for fear of antagonising the locals; it's also appealed to Tanzanian authorities to clarify the legal

status of the site.

tradition, entrepreneurs have set

up shop to provide food, drink

conduct tests of its own. It's even resorted to buying black-market samples from tha miners to see if there's really gold in them thar pits.

While some local miners seem

to have hit paydirt at Itetemia,

Tan Range has not been able to

Home truths

■ L.M. Singhvi, India's high commissioner in London, bas packed his bags and taken a trip back home; but he's visiting more than just family and high-placed chums in Delhi. Singhyi's touring the provinces - apparently every state - on what officials say is an effort to familiarise himself with . "changes in the economic social and political environment since reforms were unveiled in 1991". But watchers of India's turbulent political scens suggest

that's not the whole story. They reckon Singhvi - a respected academic whose time in London bas been counted a success - is trying to raise his profile ahead of a stab at india's vice-presidency. He is said to covet the job only marginally less than the presidency itself, which falls vacant in the summer and remains the

ultimate prize. That weans pressing the flesh at a host of functions, however tiresome. In Ahmedahad recently for the Hindu festival of centre. Let's hope they like it

Holi, which Indians celebrate by throwing coloured powder and water over each other. Singhyl emerged a politically resonantorange after a revered swami showered him with water whose colour is the emblem of the BJP Hindu revivalists. With Delhi in turnoil and the BJP pressing for an election, could that be a

Gifted

Hong Kong may be facing the dawn of a new era, but there's nothing avant-garde about the work of art commissioned by telecoms group Cable and Wireless to celebrate tha handover to China. The London-based group, which controls Hong Kong Telecom, commissioned artist Ben. Johnson to paint a giant 6ft by 12ft view of the colony. Johnson - billed by his

enthusiastic patron as "a . modern-day Canaletto? specialises in detailed cityscapes His latest masterwork is based on 2,000 photographs and took the artist and three assistants an estimated six person-years of work to complete.

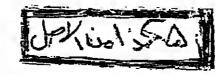
The impressive canvas gets its first public show at London's Royal Academy next month; a gift to the people of Hong Kong it's destined to hang thereafter in the colony's new convention

100 years ago Electric Light For Vehicles

An opportunity was last might afforded to representatives of the Press of viewing a practical exposition of a new invention for lighting vehicles. with electricity, generated by the motion of the vehicle itself, which seems a distinct improvement over present methods. THe invention does away with the difficulty. trouble and expense of having to obtain accumulators at various generating staffons. which has prevented the general adoption of electric light for vehicles. A generic, i fixed to the hinder axle and connected by an arrangement of cogs to either wheel of the vehicle, which transm power to the dynamo. Not only is the carriage brilliantly. lit, but sufficient power can be stored to supply light for several hours afterwards.

50 years ago

De Gaulle's Policy Speaking at Strasbourg to day. General de Ganlle suggested a close association between management and labour along principles somewhat similar to those which are being examined by the new Beigian Government. He considered that management and labour. should divide among themselves faithfully and as decent shareholders profits



FINANCIAL TIMES

Monday April 7 1997



Labour 'will not join in Emu before 2002'

By John Kampfner, Chief Political Correspondent

Britain's Labour party yesterday effectively ruled out British participation in a European single currency in tha lifetime of the next parliament.

Mr Robin Cook, shadow foreign secretary, told London Weekend Television: "If you didn't join (Emu) in 1999, it is unlikely that you'd be joining in the course of the next par-

He added: "In the event that Britain doesn't join in the first wave, while we will continue to review this and look carefully at the figures, I would have thought the probability is that one is looking towards the subsequent parliament."

The move outflanked Mr John Major, UK prime minister, on an issue that has dogged his government, and compounded pressure on him to harden policy during the

Mr Cook made it clear that Labour's reinctance to join monetary union in the first wave, which is scheduled for January 1999, extended to the planned beginning of the Euro- power by pretence', but added did not take up the challenge.

currency's circulation in 2002. A senior aide of Mr Tony Blair, Labour party leader, said British voters would now be "more likely to get a single currency under the stated government policy" than under a

Mr Major said Labour's manifesto was "alraady falling apart" and that Labour's apparent shifts on issues from devolution to trades union reform raised "a question of

Labour administration.

The Conservatives described Mr Cook's remarks as "tha fifth policy blunder in three However, with up to 150

Tory candidates expressing ontright hostility to Emn in their personal election addresses, several voiced their frustration at Labour's latest

"It's what we always feared," said a former minister. "We've tried to get the government to toughen the wording, but we've been

Mr Bill Cash, a leading Tory Eurosceptic, accused Mr Cook of a "cynical move to obtain

its own position clearer."

Mr Blair has told his shadow

cabinet he would be unlikely to persevera with a referen dum-on Emu - a precondition in the event of a cabinet decision to join – in the dying days of the next parliament.

Mr Blair and Mr Cook feel it is by no means certain that Emu will take place at all in 1999; even if it does, and assuming Britain is not part of it, it would take at least two years to assess its succes

It would than take a year for business to prepare for it. That would take the country up to the start of 2002, which would be within months of an election if the next parliament runs its full course.

Mr Kenneth Clarke, the chancellor, whose pro-Emn sympathies have prevented a hardening of Tory policy. described Mr Cook's remarks as "another case of policy being made on the hoof".

Several Tories privately urged Mr Major to overrule Mr Clarke, But Mr Malcolm Rifkind foreign secretary, who was on the same TV debate,

Clinton aiming to break Middle East deadlock

By Judy Dempsey in Jerusalem and Bruce Clark in Washington

US President Bill Clinton will today try to bridge a gulf between Israel and the Palestinians that looked deeper than ever as both sides have dug themselves into entrenched positions.

Mr Benjamin Netanyahu, Israeli prime minister, due in Washington last night, made plain that he would not suspend the Har Homa settlement project in Jerusalem which

"I can only state unequivocally that construction in Jerusalem, the building in Har Homa will continue," said Mr Danny Naveh, the Israeli cabinet secretary, referring to the 6.500-unit housing project for Jews in the city's eastern sector which began last month.

Mrs Hanan Ashrawi, a senior Palestinian official who also flew to Washington at the weekend, said talks with Israel

for \$108.8m. But on Friday the

FTC said the merger would

reduce competition in more

the FTC's competition bureau,

said: "If the merger is allowed

Europe today

Mr William Baer, director of

Continued from Page 1

than 40 local markets.

Homa, and the expansion of Jewish settlements on the Vest Bank, stopped. She said there could be no

gle aspect of the peace process. But the fact that Mrs Ashrawi and Mr Saeb Erekat, the chief Palestinian negotiator, will be in Washington at the same time as the Israeli leader has fuelied speculation about a fresh round of US-sponsored negotiations. A cantiously optimistic statement from Mr Miguel Angel Moratinos, the provided one of the few signs of hope as Mr Clinton prepared

to meet Mr Netanyahu. Mr Moratinos said he was "encouraged" by recent discussions about possibla confidence-building measures with Mr Yassir Arafat, the Palestinthe Israeli foreign minister.

Before travelling to Washington, Mr Netanyahu went to

Minnesota for a meeting with

to proceed, consumers will

pay millions of dollars more

for their paper, anvelopes,

Staples and Office Depot

said the deal would benefit the

public because it would pro-

FTC acts to block office stationery merger

pens and folders.

would not resume until Har King Hussein of Jordan who is recovering from surgery. Mr Netanyahu will today seek the US response to his proposal for moving rapidly towards "finalstatus" talks aimed at settling question of separating any sinwithin six months the terms

> presence in Washington was needed to counter the efforts sion with both sides - not just with the Israeli side," said Mrs Ashrawi. However, Mr Levy was confident that the US

friendly and responsible clari-fication," he said.

Hard choices, Page 3

BVI, which currently has around 1,000 mutual funds managing \$55bn. BVI has also tightened up its anti-crime procedures, introducing a new code of conduct,

court injunctions in Washington next week seeking to But in the area of captive insurance companies, Bermuda remained dominant last a "higher than 50 per cent" year, with 97 new incorporates chance that the company bringing the total to 1.470. It is

be largest registry for offshore companies

By George Graham, Banking Correspondent

The British Virgin Islands were the fastest growing centre for offshore company registrations last year and on current trends should outstrip Panama as the world's largest offshore registry by 1999, according to a survey by Off-shore Red, a specialist news-

Nearly 42,000 companies were registered last year in Tortola, the principal BVI island, leaving 210,260 companies on the BVI register by the end of the year. The offshore industry has been growing rapidly in recent years.

Centres such as BVI and the Cayman Islands have made strenuous efforts to shed the image of being havens for tax evaders and money launderers by passing stiffer anti-crime laws and emphasising the efficiency and flexibility of their regulatory processes.

BVI is still short of the 324,786 companies registered in Panama, but a proportion of newsletter suggests as many as a quarter - will be ordinary onshore companies, while others will be dormant.

Virtually all companies registered in Tortola are engaged in offshore business

The Bahamas have also grown rapidly, with nearly 13,000 new registrations last year and 93,837 companies on the books by the end of the

The Cayman Islands regis tered 6,658 new companies, and now have 40,125 on their

BVI has been one of the fast est-growing centres in the off-

shore financial industry. Besides the fact that tax is levied only on income remitted to the islands, BVI is used by with which a new company can be set up.

heart of some corporate tax evasion schemes now under investigation by authorities in Italy, Canada and the US. A new mutual fund law. passed last year, is expected to attract more investment to

But BVI-registered compa-

and a new anti-money launder-

trailed by the Cayman Islands. Barbados and Guernsey.

on which Israel and the Palestinians will coexist. Palestinian officials said ves-

terday that their delegation's of pro-Israel groups in tha US to lobby Mr Clinton. "We feel that before the American initiativa is finalised in all its major US and UK banks and nies have also featured at the

would not press Israel for a halt to the Har Homa project. "The US approach to this issue . . . does not entail conian leader, and Mr David Levy. frontation or pressure, but

Mr Stemburg said there wa

The FTC said it would file ing law is expected to be introduced later this month

would end up in litigation tions and efficiencies. FT WEATHER GUIDE

block the merger.

After widespread frost overnight, most of western Europe, including the southern UK, will have a brilliantly aunny day. Afternoon temperatures will range from a chilly 7C in Berlin to 15C around Paris and London. Some light rain or drizzle is possible over the northwestern UK, but Ireland and the eastern UK will be dry with some Further south, it will be milder and

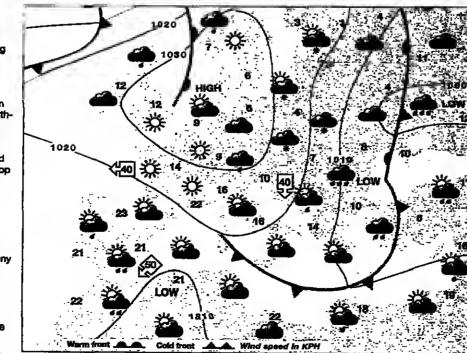
mainly sunny. Showers will develop over inland parts of Portugal and southern Spain. Eastern Europe will be very cold with rain or snow and a chilly

northerly wind.

Five-day forecast Western Europe will continue sunny

and become warmer with a decreasing risk of night frost. Eastern areas will be very cold at first, but the showers will move

The UK will continue fair and quite mild with some rain in the north. The south-west UK will be sunny.





THE LEX COLUMN

Cash guzzlers

Six years of economic expansion have left the US's three big motor manufacturers sitting on huge cash hoards. General Motors' automotive operations have nearly \$12bn (£7.5bn) in the kitty; Ford has \$9bn by the same measure and Chrysler nearly \$6bn. The companies say all this loot is

needed to maintain product development and capital apending through the next downturn - some-thing they signally failed to do in the last recession. But is this good for shareholders? Only Chrysler, with high margins and low vertical integration, is consistently outperforming its 11 per cent to 12 per cent cost of capital. Ford and GM both managed a return on capital of just 7 per cent in 1996. At that rate, pumping in more money would

What is really needed is radical restructuring to improve returns in the US for GM, and in Europe and Latin America for Ford. But having so much cash in the bank means there is less pressure on managements to take painful medicine. And because managers, unlike investors, cannot diversify their risk, they will always argue for a much higher cash balance - as demonstrated by the battle between Chrysler and its rebel investor, Mr Kirk Kerkorian.

The answer, self-evidently, is to press companies to hand back more of their funds. As Mr Kerkorian showed, that is difficult to do from the outside, but it is still worth a try. An alternative, ultimately, might be to put surplus cash in soma type of escrow fund, controlled by a committee of non-executive directors. They could take an ndependent view on whether the money is better reinvested or dis-

Stadium Australia

The New South Wales state government seems to have dona a smart job funding its brand new Olympic stadium. Given the hype involved in holding the Olympics which should generate an appealing combination of nationalistic pride and desire for tickets - it rightly assumed someone else could be persuaded to cover the cost of a new has been only 41 per cent snb-

formance of its infrastructural forebears auch as Eurotunnel, which used pro-European fervour and an eye for a freeble to lure punters into a black hole. Nevertheless, Stadium Australia's underwriting banks have committed to funding the project even if the public will not. So the banks and the builders carry the risks of any construction delays and cost over-runs that are usually

reserved for governments. The project may be built within budget and generate vast returns for its owners. And the banks will have no problem off-loading their tickets, even three years before the game starts. But uncertainty over who will be the stadium's regular users after the games means its long-term value is anyone's guess. And the dagree of construction activity elsewhere in tha run-up to the Olympics could easily push up costs. So the government has probably earned a gold medal in the ient sport of passing the buck.

The near 10 per cent drop in the price of gilts since February might suggest a resurgence of City fears that a New Labour government could still mean Old Labour-style spending policies. Far from it. The culprit has been the jittery US bond market. Tha yield gap between gilts and German bunds is still lower than at the start of the year.

Ironically, the main restraint on the gilts market is fear that the Tories might do better in the election than expected. If Labour gets stadium. In fact, the public has in with a workable majority, gilts been unwilling to foot the bill and should rally. Regardless of his medi-Labour chancellor is likely to stick bonanza, they will at least bring scribed, despite the attraction of to the manifesto - and the Bank of some certainty back. To buy the free tickets. Perhaps investors have England's recommendations - in shares in anticipation makes combecome too well versed in the per- the early stages, so an early interest pelling sense.

rate rise looks highly likely. This would be the right approach. R would also do much to bolitain Labour's anti-inflationary oxedentials, something fixed-interest inva tors would welcome. Also, a great commitment to second-wave entry to European economic and mon tary union - still a poss would reinforce Labour's adop of austere policies. This could result in an Italian-style summer to bonds. Current 10-year gift yield are almost 1.7 percentage p higher than German bunds, compared with an inflation rate differ ential of 0.5 percentage points - so there is plenty to go for.

The main risk is a hong part ment. This could result in a period of weak fiscal policy as the parties preen themselves for another elecsuch an outcome look alim.

A great deal hangs on the forth coming Monopolies and Mergers Commission report into Britain's gas pipeline pricing. Quite apart from hundreds of millions of pounds of BG's annual cashflow, the reputation of Ms Clare Spottis woode, the gas industry regulates is on the line. If the MMC lets BG off lightly - as growing speculation suggests it might - the regulator

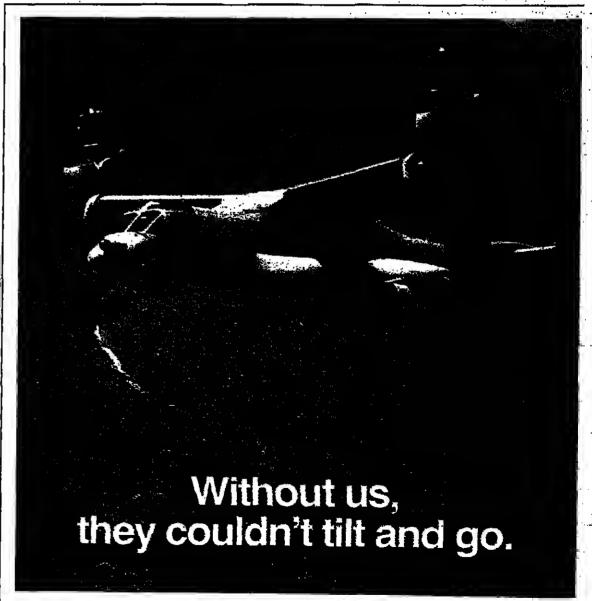
could look pretty silly.

But is that really likely? Optimists argue that the MMC will want. to be seen to give something to both sides. Perhaps. But it can easily offer BG some biggish crumbs by, say, slightly increasing the compa-ny's allowed rate of return or softening the regulator's argressive cost assumptions. Either would be good news for BG without under mining the regulator's position on the central issue - how deprecia tion is treated. It is only if the MMC were convincingly to rubbish her proposals in this area that Ms Spottiswoode's position would look shaky. And that looks distinctly unlikely. BG and its investors may be understandably irritated that she has moved the goalposts. But her

reasoning is intellectually robust. So is the recent outperformance of BG shares unjustified? Not at all. Even if the MMC gave no ground to the company, BG has long looked cheap on fundamentals. And even if

ν.

Ti Marie



Flight control actuators supplied by Dowty enable Bell Boeing's V-22 Osprey tiltrotor to take-off like a helicopter, fly at turbo speed, then settle safely onto its Messier-Dowty landing gear Success with the US Marine Corps has encouraged Bell Boeing to announce a smaller civil version, the BB609.

In contracts worth \$100 million each on projected aircraft sales, Dowty will supply the flight actuator system and Messler-Dowty. TI Group's joint venture with Snecma, the integrated landing gear system. Capable of carrying nine passengers 750 miles at around 300 mph, the BB609 has a brilliant commercial future - and Dowty will tilt things in its favour.

Dowty is one of TI Group's three specialised engineering businesses, the others being Bundy and John Crane. Each one is 6 technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide.





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PLUMB

FINANCIAL TIMES

COMPANIES & MARKETS

Monday April 7 1997 OTHE FINANCIAL TIMES LIMITED 1997

Europeans came to Virginia in the 1600s - Europe's best companies are still conting today!

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retailer in

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IN BRIEF

Bank of America reviews clients

Bank of America, the San Francisco-based banking group, is reviewing its relationships with its corporate customers in Europe, the Middle East and Africa in the wake of a nine-month review of its wholesale banking activities. After an examination of how profitable each client is to the bank, it plans over the next 18 months to concentrate on building up the business it does with customers from which it is not making enough money. Page 20

Offer period opens for Repeci The full market privatisation of Repsol, Spain's blue-chip oil and gas and chemicals group, starts today with the opening of the offer period for the remaining 10 per cent of the congi ate owned by the state. The disposal, which will be completed on April 28 when the issue price is fixed, is expected to raise some Ptal70bm

T&N wins magnetic bearings order
T&N, the UK engineering group, has won one of
the biggest ever industrial orders in the esoteric technology of magnetic bearings - used in large process plants to keep rotating parts moving using magnetism. The company, a leader in this field, is supplying £10m (\$16m) worth of magnetic bearings over the next 10 years to the operators of one of Europe's largest gas fields in the Netherlands. Page 21

CanWest breaches TV ownership rules CanWest Global Communications, the Canadian communications group controlled by Winnipeg's Asper family, was found on Friday to be in breach of Australia's foreign ownership rules through its stake in the Ten Group television network. It has been ordered to "take action to remedy the breach". The Australian Broadcasting Authority, which has been looking into share transactions in Ten between November and January, has decided that these left CanWest in control of 52.49 per cent of Ten's voting equity. Page 20

Revaluations hit Spain's Tabacalera Tabacalera; the Spanish state-controlled tobacco group awaiting further privatisation, has revised its profit figures for last year to show a sharper, 15 per cent fall in consolidated net earnings to Pta11.73bn (\$83m). The change, from a Ptal3.46bn figure announced last month, reflected a Pta2.51bn capital loss from revaluing a building in central Madrid and properties in the Canary Islands. Page 20

Co-op denies rift in senior managem Britain's Co-operative Wholesale Society denied. any rift at the top after Mr John Owen, one of its five-strong executive, decided to step down.

Mr Owen said that his departure was of his own volition. He admitted that the timing wasternfor-tunate, but said he had completed the job he had set out to do and would leave in a spirit of

New metal futures contract for Japan The Tokyo Commodity Exchange (Tocom) is to launch today its aluminium futures contract, the first base metal futures contract in Japan. Tocom in February approved 74 members – including all nine of Japan's leading trading houses - to trade the contract, as well as 16 warehouses to store metal deliverable against the contracts. Page 20

Capital to emphasise its assets Capital Corporation, target of a £192m (\$305.28m) hostile bid from London Clubs Inter national, its larger rival in the London casino market, is expected this week to outline its profit potential. It will outline its arguments by Saturday - day 39 of the bid, the last on which a target can issue new financial information under takeover rules. Page 21

Philips to sell electronics units Philips, the Dutch electronics group, is continuing its rationalisation programme by putting up for sale nine smaller units in its industrial elec-

tronics division which employ 1,500. Page 20 Metropolitan under black control New Africa Investments, South Africa's largest black-controlled company, is poised to take effective control of Metropolitan Life, the leading insurer in the black consumer market, from Sanlam, the life assurer. Page 20

Lauritzen reduces losses to DKr259m Lauritzen, the Danish shipping and shipbuilding group, managed to cut its losses from DKr882m in 1995 to DKr259m (\$40.6m) last year, in spite of continuing problems at its Danyard shipbuild-

Son succeeds at Israel Corp Mr Erwin Eisenberg was appointed chairman of Israel Corporation following the death last month of his father, Mr Shoul Eisenberg, during a business trip to China. Page 20

Companies in this issue

BG		Doyds 13D
Bloomingdale's	1	London Clubs Inti
Bre-X	1	Meskathana Minerals
British Telecom	2	Microsoft
CIBC Wood Gundy	1	Nederlandse Aardolie
CWS	21	Office Depot
Capital Corporation	21	Office Max
Chrysler	18	Pacific Goldfields
Compaq Computer	5	R.J. Reynolds
Demag	21	R. H. Macy
Ford	18	Reuters
General Motors	18	Slemens
Giaxo Wellcome	21	Staples
HSBC Investment Bank	1.	Sur American
		T&N -

http://www.FT.com **Market Statistics**

14 London share service Company meetings 14 Managed funds service FT/S&P-A World Indices 23. New Intil bond lesues

mately \$425m The company also unveiled proposed standards for linking the Internet and television networks and announced plans to incorporate features in its Windows personal computer operating eystem to enable PCs to receive broadcast video and digital data.

chief executive.

Coming to your screen, Page 5

Knight-Ridder buys four US titles

\$1.65bn newspaper deal focuses information group on print business

Knight-Ridder, the US information group, has staked its future on the traditional daily newspaper business with the acquisition of four dallies for a total of \$1.85hn. They are being sold by Walt Disney, which bought them as part of its 1995 Capital Cities/ABC acquisition.

media such as cable fele and online data, to focus on its core print business. The latest newspaper Friday, will add a considerable financial burden to the com-

The papers being sold by Disney include the Kansas

in trading today.

the Fort Worth Star-Telegram. They join a group of titles that includes the Miami Herald and the Philadelphia Inquirer, and which together accounted for four-fifths of Knight-Ridder's \$2.8bm revenue last year. The new titles ger

nue of about \$500m and have grown at slightly more than 7 per cent a year in the past four

Knight-Ridder out of new his start as a journalist, and chase, Knight-Ridder said it some financial pressure from media such as cable felevision the Fort Worth Star-Telegram. would sell its remaining online the newspaper deal. Knight information business, largely founded on database services customers. It has already sold several businesses unrelated to its core newspaper operations, merce, which was bought by The Economist a year ago, and

the newspaper deal. Knight-Ridder said it would issue 2660m of convertible prefer ence stock and take on \$990m of debt to finance the purchase, more than doubling its already hefty debt burden.

The purchase price would also dilute earnings per share by 10 per cent in the first year, with the deal beginning to con-

sell financial services, intensifying competitive pressures on the country's banks and insur-The group, which controls

leading shopping chains such as La Redoute and the FNAC books and records network, is preparing to launch a wideranging campaign early next

Pinault Printemps Redoute.

the French retailing group.

plans an ambitious drive to

Mr Serge Weinberg, chair-man of PPR, said activities to be developed may include the sale of insurance and more importantly a series of savings products. He ruled out any

move into direct banking.
He stressed that the details had not yet been finalised, but the services would be sold using the group's extensive telemarketing experience, cat-alogues and possibly through small officee in its retail

PPR could also offer independent financial edvice allowing its customers to buy financial products from a range of

The group already has e sub stantial and profitable activity devoted to consumer credit with specially branded cards for about 7m customers managed either through joint ventures with financial companies or, increasingly, directly by its

It also has e modest financial services arm, Finaref, planned to be substantially expanded under Mr Jean Pierre Letranchant, appointed its head on March 3. Finared generates millions of francs in premiums each year.

The new approach is designed to exceed this level considerably and extend well beyond the capacity reached by rival French retailers, such as by the hypermarket group

Mr Weinberg has been exper imenting with telemarketing, the Internet and other remote sales techniques across PPR's activities. The group has recently launched a catalogue and phone sales operation to supplement FNAC's sales in

its shops.

Mr Weinberg said the group was already selling "several dozen" items daily on the

The deal caps a series of decisions which have taken City Star, famous as the place ments sold this year for \$300m. To help finance the pur-Another disposel would lift Growth of financial services sector lifts it to second place by market value UK to become

counting-house of the world

Britain, once the workshop of the world, may be becoming its counting house. In the coming months the financial sector, which accounts for 20 per cent of the stock market's value, will increase in size by some £22bm (\$35bm)as building societies and mutual insurers become quoted companies, or are acourred by them.

The accelerating consolidation of UK financial services is changing the composition of the UK market. Historically, the sector has been underrepresented on the market, and for good reason. Moneylending, stockbroking and insurance used to be protected from competition.

ing trend. But deregulation during the 1980s has combined with a switch to telephone composition of the stock mar- £463bn. Fourteen years ago, banking to unleash a new ket since the Conservatives industrial companies made up search for efficiencies. 1 came to power in 1979. the biggest portion of the To thrive, financial institu-

scale. They must be free to do deals. They say traditional forms of building society ownership, restrict their freedom. This month Alliance and Leicester Building Society is expected to complete its £2.3bn-£2.6bn flotation. Hali-

fax, Britain's biggest building society, will merge with Leeds Building Society before floating in July, Norwich Union will come to market in their wake. And so it goes on. Quoted financial services companies now have an aggre gate value of some £195bn, which these flotations are set to swell by 11.5 per cent. The sector would then account for

21.7 per cent of the market by value, only 1.5 per cent less Consolidation is a longstand—than the largest, services.

Since 1982, the capitalisation 24.11 per cent. Other services of these top 50 companies has is second, having surged from uring the 1980s has combined vices highlights changes in the grown more than eight-fold, to 13.85 per cent to 20.71 per cent,

sectors is tricky because the criteria of classification have changed. But a breakdown by market value and sector of the

50 largest UK companies

shows the patterns.

cent. Today, their value has tripled, but they account for just 9.63 per cent of the total.

Consume

Services

FIR Utilities

The biggest sector is now consumer products, up from 20.55 per cent of the total to Since 1982, the capitalisation 24.11 per cent. Other services while financials has grown from 16.34 per cent to rank third at 18.55 per cent. The

cut costs even further. It is the first company to offer an inter-

national, high-quality service.

"We can make a clear call to

anywhere in the world," Mr

The Internet was designed to

transmit data rather than

voice, leading to delays and

distortion. Global Link uses

for 13.84 per cent of its value.

Tracking these by analysing 253.8hn total, some 24.67 per utility sector, now valued at

The contraction of the indus trial companies, and the expansion of services may be

exaggerated by the upsurge in outsourcing and the fad for focus. Privatisation accounts for the growth of utilities. explanation for the rise of the

quoted financial services sec-

technology to test for a clear

Internet path between caller and recipient. If there is con-

gestion on the line, it uses a

hierarchy of other routes to

Mr Harnett said develop-

ments such as Internet tele-

phony were driving fundamen-

tal change in the telecoms

deliver the call.

Float could value Global Link at up to \$6bn

USA Global Link, a US telecommunications company credited with innovative and often controversial ways of cutting the cost of international telephone calls, plans to

The initial public offering could value the fast-growing company at \$3hn-\$6bn (£1.8bn-£3.7bn), according to its princi-

Merrill Lynch of the US confirmed yesterday that it had been retained as adviser. It has not yet been decided on which stock market the offering will

Global Link, based in Fairfield, Iowa, turns over just under \$10m a year. It excited potential investors worldwide two weeks ago with the

Microsoft

Networks

Internet on their television

The acquisition is a mark of

Microsoft's determination to

play a leading rule in the convergence of personal computing and consumer electronics when digital television trans-

missions begin in the US next

"This partnership under

scores our strategy of deliver-

ing to consumers the benefits

of the Internet together with

emerging forms of digital broadcasting," said Mr Bill Gates, Microsoft chaluman and

Microsoft is paying approxi-

By Louise Kehoe in San Francisco

vice, offering call quality comparable with conventional services at a fraction of the cost.

Mr Christopher Harnett, founder and chairman, said he can offer, for example, Internet calls from Japan to the US at 39 cents a minute, compared with up to \$2.25 a minute through traditional carriers. The flotation will be one of

the first by a "virtual" telecoms company, a new breed of fast-moving, flexible operators unencumbered by the legacy of beavy investment in infrastructure of many conventional large operators.

US investors are still exhibiting a considerable appears for telecompositions. Strong, for example, a manufacturer of telecoms components which floated in February, was val-ued at \$2.14bn, the largest

post-offering valuation of a Internet to deliver calls will cut costs even further. It is the Global Link buys capacity from international operators at wholesale prices to meet the needs of its customers but installs its own intelligent switches to funnel traffic to its

destination. It is the largest reseller of discount international telecoms services and a world leader in "callback", a contro versial technique whereby calls from countries with high tariffs are billed in countries

Callback is one of the chief factors behind the gradual collapse of the International Accounting Rate System, an international cartel of telecoms operators which keeps the price of international calls

Global Link's use of the

Glaxo hit by US buys WebTV ruling on Zantac

By Jane Martineon in London Microsoft, the world's leading software company, is to acquire WebTV Networks, a

Claro Wellcome, the drugs company, has had; its monopoly grip lockened on the ulcer drug Zintac, the world's best selling; medicine, after Silicon Valley company antich has developed technology to enable consumers to sun the losing a US court case against competitor. The US Court of Appeals

ruled late for Friday that Nevopharm, the Canadian rugs company, can produce a meric version of Zantac white Glavo's patent expires at the end of July. The decision is the first

ruling in eight cases brought. by Glaxo against competitors. Although the company has the option of taking the case to the. US Supreme Court, it is trafficely to do so.

Dr. Jacques Messier, president and chief operating officer of Novopharm, said he expected the other companies to ask for a speedler court ruling. The case against two

Dr Messier said the decision was a "very significanit" one for the company. The new drig due to be called Novorantidine is likely to be the company's largest selling

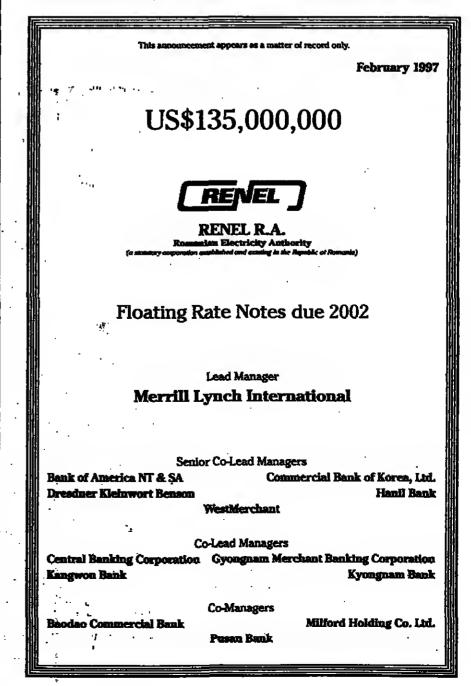
US sales of Zantac are estimated at about \$1.68bn (£1.02bn) and Glaxo indicated last month that the drug's sales in the US could fall by 80 per cent because

Dr. Messier said that "potential profits will depend on how many people will be straight off the mark in July". Novopharm said pharmacists could sell its version of the drug soon after the patent expires on July 25.

Friday's expected ruling mes after a three-year legal bettle during which Glaxo has argued that a generic drag would infringe its copyright on Form 2" of Zantac, which does not expire until 2002. Novopharm said that it had

been successful because it had proved that it could make a "pure version of Form 1", the patent of which was originally due to expire in 1995, but has been prolonged until August. Glaxo warned last month

companies had been put on, that earnings could be flat hold, until the Novoplasm until 1999, assuming that lification on Zantac's patents went against the company. The group has reduced its dependency on the drug in the last few years. In 1990 Zantac accounted for almost half Glaxo'e entire turnover, last year it was 28 per cent.



CanWest breaches TV ownership rules

By Nikki Tait in Sydney

CanWest Global Communications, the Canadian communications group controlled by Winnipeg's Asper family, was found on Friday to be in breach of Australia's foreign ownership rules through its stake in the Ten Group television network. It has been ordered to take action to remedy the

The Australian Broadcasting Authority, which has been looking into share transactions in Ten between November and January, 37.49 per cent of the group's shares

Ten's voting equity.

This is well in excess of the 14.9 per cent voting limit to which, as a foreigner, CanWest would normally be subject.

Before the latest chare dealings, CanWest held a 57 per cent stake in Ten, one of Australia's main commercial TV networks, but had restricted its voting interest to the required 14.9 per cent.

However, a number of other shareholders in Ten - speaking for

has decided that these left Can - had been anxious to sell out, and West in control of 52.49 per cent of CanWest had pre-emptive rights to buy their stock.

> With the foreign ownership limit known to be a problem - CanWest had already been subject to one ABA inquiry - a stable of compa-nies was established to buy this

which released its findings on Fri-day, noted that the purchases had been funded by Drie Sterren Kanitaal, a wbolly-owned subsidiary of

However, the ABA inquiry.

commercial arrangements between can be changed where CanWest is DSK and the other companies, it not able to exercise control," said concluded that their directors one official. would "follow the wishes and interests of DSK/CanWest in exercising the votes of the companies ... at a meeting of the shareholders of the

The ABA has given CanWest six months to remedy the situation. It said its ruling did not occessarily the newspaper group, last year. imply a sell-down of the stake. It is a complex matrix of factors and circumstances, so it will be a is under way, and this is expected

Ten Group'

Australia's constraints on for-

eign ownership of media assets has been a bone of contention for some time. Mr Conrad Black, another Canadian media proprietor, railed against the restrictions, and ulti-mately sold out of John Fairfax,

A federal government review of cross-media ownership constraints anWest. question of what structures can be to touch on foreign ownership as
After examining the various changed and what arrangements well.

INTERNATIONAL NEWS DIGEST

Revaluations hit Tabacalera

Tabacalera, the Spanish state-controlled tobacco group awaiting further privatisation, has revised its profit figures for last year to show a sharper, 16 per cent fall in consolidated net earnings to Pta11.73bn (\$83m). The change, from a PtalS 46bn figure announced last month, reflected a Pta2.51bn capital loss from revaluing a building in central Madrid and properties in the Causey

The company took advantage of a government in last year allowing for the updating of fixed asset values, which provided potential tax benefits. It said that by making a special provision against profits rather than against reserves it was applying "strict accounting orthodoxy". It added that most of its fixed assets were still valued at well below their market worth.

The group's profits were already down against the previous year's figure of Pta14.03bn as extra taxes mposed last summer hit cigarette sales. Its revised figures show a steeper fall in operating profit as well, of 33.6 per cent to Pta12.03bn compared with a 30 per cent drop announced earlier. Tabacalera said, however, it would maintain its dividend plans, proposing a total payment for 1996 of Pta176 a share - a 10 per cent

Base metal futures for Japan

The Tokyo Commodity Exchange (Tocom) is to launch today its long-awaited aluminium futures contract, the first base metal futures contract in Japan. Tocom in February approved 74 members – including all nine of Japan's leading trading bouses – to trade the contract, as well as 16 warehouses to store metal deliverable against the contracts.

The decision to initiate the futures market has been opposed by Japan's aluminium industry, whose manufacturers depend on imports of the metal for almost all their consumption. They use the London Metal Exchange (LME) to determine prices. Mr Masahiro Kumamoto, chairman of the Japan Aluminium Federation, has said local manufacturers will ask Tocom to suspend trading if the new contract's price is significantly different from that of the LME. Tocom is nurturing plans to become Japan's version of the LME. In January, Mr Naozo Mabuchi, Tocom president, said his exchange planned to launch futures contracts for copper, lead and zinc within five years.

Philips to sell electronics units

Philips, the Dutch electronics group, is continuing its rationalisation programme by putting up for sale nine smaller units in its industrial electronics division which together employ 1,500. It said on Friday it had engaged Dresdner Kleinwort Benson to organise the disposals by the end of this year.

The industrial electronics division, part of Philips' professional products and systems group, is to refocus on analytical equipment such as X-ray machines. communication and security products, electronic production equipment, and industrial and infrastructural projects. The company said the operations being divested had good prospects but "having new owners willing to invest in this type of industry will best serve their and their customers' long-term interests."

The nine include Philips Industrial Automation Systems and PBF, both based in the Netherlands, as well as Philips Power Systems of Belgium, Thermocoax of France, Philips TV Test Equipment of Denmark, Philips Weighing and Philips Electronic Center of Germany, Philips Kistaindustrier of Sweden, and Edax International

MetLife goes to black control

New Africa Investments, South Africa's largest black-controlled company, is poised to take effective control of Metropolitan Life, the leading insurer in the black consumer market, from Sanlam, the life assurer which was founded in 1918 as a vehicle for Afrikaner economic empowerment.

The transfer of control concludes a process begun in 1993, when Sanlam sold 10 per cent of MetLife to New Africa to promote black economic empowerment. New Africa now holds 30 per cent, which it will boost to 40 per cent by giving Sanlam new non-voting shares in New Africa in exchange for a further 10 per cent. The deal means the end of the 1993 agreement between the two companies, which gave New Africa voting power but barred it from using more than 15 per cent of MetLife's ets when leveraging other transactions.

Full details of the swap have yet to be announced, but analysts suggested New Africa would pay a premium of about 10 per cent for the MetLife stake. Issuing non-voting shares to Sanlam will ensure the transaction does not compromise black control of New Africa. These will be issued at the current market price, with a total value estimated at about R620m (\$140m).

The swap deal represents a further step in the estructuring of Sanlam, the country's third largest equity investor. Sanlam is reducing its stakes in many sectors of the local economy to assemble a more balanced equity portfolio of minority interests to non-core industries. Mark Ashurst, Johannesburg

Lauritzen reduces losses

Lauritzen, the Danish shipping and shipbuilding group. managed to cut its losses from DKr832m in 1995 to DKr259m (\$40.6m) last year, in spite of continuing problems at its Danyard shipbuilding unit, It attributed the improvement to a better performance from J. Lauritzen Shipping, which specialises to refrigerated cargo vessels and operates a fleet of small gas carriers; and from DFDS Scandinavian Seaways, the North Sea freight and ferry operator.

Group turnover was down from DKr16.09bn to DKr14.35bn, reflecting disposals. The group is struggling with Danyard, which incurred a DKr1.08bn loss last year compared with a loss of DKr490m in 1995. Lauritzen took a DKr400m charge in 1996 to cover further potential losses from the yard. Last week Lauritzen agreed to sell the shipyard to Penang Shipbuilding Construction, controlled by Malaysian businessman Mr Amin Shah. However, the sale, for DKr600m, depends on approval from the Malaysian government.

Lauritzen made it clear that unless the shipyard, based in north-east Juliand, won new orders for steel-based ships within the next few months, it faced closure. The yard is negotiating orders for chemical carriers for Stolt Nielsen of the US, but Mr Shah is understood to be primarily interested in the yard's know-how in construction of the Standard Flex naval patrol boats it has supplied to the Danish navy. The Malaysian government is planning an order of up to 26 of the naval Hilary Barnes, Copenhagen

Son succeeds at Israel Corp

Mr Erwin Eisenberg was yesterday appointed chairman of Israel Corporation following the death last month of his father, Mr Shoul Eisenberg, during a business trip to China. His appointment comes at a crucial time for IC. Israel's largest investment and holding company, which faces increasing pressure to restructure. One of his main tasks will be to restructure Zim, the shipping subsidiary which incurred a loss of Shk52m (\$15.5m) last year as it faced growing competition from south-east Asia. IC reported a 71 per cent drop in profits last year from Shk34m in 1995 to Shk24m on a 14 per cent decline in sales, from Shk3.82hn to Shk3.30bn.

Pyrrhic marketing victory for Informix

The software supplier has won a technological edge on rival Oracle, but at the price of sales

mformix may have disap-pointed Wall Street when it projected a sharp drop in first-quarter sales last week; but on Oracle Parkway in Redwood Shores, California, the news was greeted with not a little

Oracle and Informix - two of the world's leading suppliers of database software programmes - are bitter rivals. and they make no attempt to hide it. Each company has erected a motor-way billboard close to the other's headquarters in Silicon Valley, taking a dig at its com-

Oracle's advertises its interest in hiring Informix programmers: an issue that is at the centre of a legal battle between the companies. Informix's billboard calls Oracle a "dinosaur"

No surprise, then, that Oracle officials were less than sympathetic when Informix issued a warning last week that It expected to report a "substantial" operating loss and net loss for the first quarter.

With final results due at the end of this month, Informix said first-quarter sales would be between \$130m and \$145m. That is far short of the \$204m reported a year \$250m Wall Street analysts had predicted.

Informix, it emerged, had become so intent upon beateye off core products.

Oracle, with fiscal 1996 sales of \$4.2bn, dwarfs infortional database system, but mix, which last year is not expected to launch the achieved revenues of \$939m. product for several months.



Caught up in a billboard battle with Oracle, Informix failed to realise its customers would be slow to adopt a new generation of database software

claiming a technological lead over Oracle. Last December, Informix introduced a "universal server": a database management system that bandles all sorts of data including video, graphics and geographic information. ago. not to mention the as well as the standard num-

bers and text. The Informix product incorporates "object relational" technology, based on ing Oracle to market with a software components that new type of database soft- work together, giving Inforware that it had taken its mix a significant jump on its competitors. Oracle is working on its own object rela-

object relational software. ing to a sharp decline in Oracle executives also first-quarter sales. accused Informix of rushing a product to market that had not been fully tested.

Now analysts are begin-Chnck Phillips of Morgan Stanley in a new report on the Informix product.

he server released last December was a "proof of concept" rather than a "rugged, tested product", he said.

For the past four months, Oracle has maintained with our technology lead these sales would close "in however, informix has been that corporate customers and took our eye off the ball the foreseeable future".

were in no rush to adopt in our core markets", lead-

In an unusually frank admission, Mr Phil White, Informix chief executive. blamed an "over-emphasis ning to agree. "Universal on emerging object rela-server is getting headlines tional technology" for slow-but not contracts," said Mr ing sales of established products. Sales of UNIX database products and those designed to run on Microsoft's Windows NT operating system had lost momentum, he said. Mr White also told analysts that a number of large database sales expected to refocus on its established close in the first quarter had products, be said. Informix acknowledged not been completed. He that it became "enamoured could offer no assurance that appears, was to focus on

particularly weak. Competition did not cause the fall in sales. Mr White said.

However, analysts noted that Oracle's European sales grew strongly in its third fiscal quarter, ended

February 28. Sounding shell-shocked, Mr White said that Informix managers were "extremely upset and disappointed". Informix would regroup and

The company's mistake, it keting battle of technologies. beating its competitor rather

Informix saw weakness in needs. Caught up in a marall geographic regions, but keting battle with Oracle, it Europe - traditionally one of failed to recognise that most its strongest markets - was of its customers would move cautiously in adopting a new generation of database manment software.

The Informix billboard is now the butt of jokes within Oracle and a cruel reminder to Informix of its mistakes. Yet as Mr Larry Ellison, Oracle chairman and chief executive, attempts to usurp Microsoft's hegemony in desktop computer software, the sign might serve as a warning of the dangers of getting caught up in a mar-

Louise Kehoe

Offer period opens for Repsol privatisation

By Tom Burns in Madrid

The full market privatisation of Repsol, Spain's blue-chip oil and gas and chemicals group, starts today with the opening of the offer period for the remaining 10 per cent of the conglomerate owned by the state. The disposal, which will be completed on

some Pta170bn (\$1.2bn). The sale, in line with the centre-right government's policy to encourage "people's capitalism" and employee share ownership, is weighted towards small investors and Repsol's staff.

It will be co-ordinated by Goldman Sachs of the US. April 28 when the issue price the energy group's tradi-

group which controls 7 per cent of Repsol stock, and by Banco Santander de Negocios, the merchant banking unit of Spain's leading financial institution.

Sepi, the industry ministry agency which owns the Rep-sol stock, has raised the

is fixed, is expected to raise tional foreign bank adviser, domestic retail tranche of Employees buying Repsol Repsol employees entering by Banco Bilbao Vizcaya the disposal from 39 per cent stock will only be required (BBV), the domestic banking to 42.5 per cent of the total to pay 10 per cent of the offer and it will award small value of the shares they

A further 15 per ceot of the disposal, carrying a 10 per cent discount, will be Barcelona-based savings offered to Repsol's present bank which is also a core and past employees on inno-

investors a 4 per cent dis-count on the issue price. called "guaranteed Repsol" which is underwritten by BBV and by La Caixa, the bank which is also a core

Repsol shareholder.

this scheme will hand over the dividends earned by the equity they acquire to BBV and to La Caixa. At the end of this period, the creditor banks will either make up any losses on the share price or split the gains on the value of the stock with the

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GFI Group, Inc.

BofA plans review of corporate relationships

By George Graham, Banking Correspondent

Bank of America, the San Francisco based banking group, is reviewing its rela-tionships with its corporate customers in Europe, the Middle East and Africa in the wake of a nine-month review of its wholesale banking activities.

After an examination of how profitable each client is to the bank, it plans over the next 18 months to concentrate on building up the business it does with customers from which it is not making enough money. Mr Michael Murray, vice-

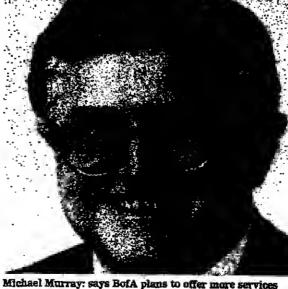
chairman, corporate and international groups, expects to repair most of the relationships where the bank is not hitting its profit targets by offering other services.

"Ultimately, there may be some relationships where the fit between the two firms is not what it needs to be. In that case, we will work out an effective disengagement strategy," he said.

Banks have become more sophisticated about measuring how much capital they have to devote to each customsr and have become acutely aware that they do not, in general, get an adequate return on the capital needed for simple services make money from their such as plain lending or for-

eign exchange trading. As they concentrate on the adult conversations, They ming its currency trading more profitable clients for say: 'What took you so teams as the foreign whom they perform more long?'" he said.

sophisticated banking serThe reorganisation of more automated.



vices, they have in many BofA's European operations cases cut their client lists will also involve stepping up substantially. Standard its structured finance busi-Chartered, for example, receotly announced that it was ending its relationship

with 550 corporate clients. Mr Murray expects that in most cases the bank could meet its profitability targets by offering additional services. He said finance directors were well aware that their bankers needed to

business. "These are very civil,

ness and its activities in central and eastern Europe. Mr Murray said BofA

would expand its representative office in Moscow and hoped to obtain a full banking licence there when the regulators permit. He also plans to expand to a full panking licence in Poland. The bank has restructured

its trading operations, con-solidating marketmaking in London and trim-

Glaxo may pay non-executives in shares CWS denies

MONDAY APRIL 7 1997

NEWS DIGEST

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Glazo Wellcome is planning to pay its non-executive directors partly in its own shares. The pharmaceuticals giant wants to bring its remuneration practices more closely into line with those . of other large multinationals, particularly those based in the US.

Two weeks ago, Hermes, one of the UK's biggest pen-sion fund managers in charge of £18bn (\$28.5bn) funds, published a report calling for companies to consider giving non-executive directors half their remuneration in shares.

But Glaxo Wellcome stressed that its proposal was the idea of its two-man non-executive director remuneration committee, consisting of Sir Colin Corness, Hermes' recommendations, mise their independence.

chairman, and Sir Richard because only about 15 per Sykes, deputy chairman and chief executive. The com-pany said shareholders had been notified of the plan, which they would consider at the May 19 annual meeting, before the Hermes' report was published.

The company said: "The proposal is driven by the committee's own experience of global practices. The idea is to further align the interests of the non-executive directors with those of the shareholders."

The company now pays bonuses to executive directors mainly in shares rather than cash, in line with the recommendations of the Greenbury report on executive remuneration, published in 1995.

The new plan falls short of executive directors compro-

cent of non-executive directors' salaries would be paid in shares.

Meanwhile, Sir Roger Hurn, who is expected to become non-executive deputy chairman after May 19. when Sir Richard Sykes replaces Sir Colin Corness as chairman, would receive a 250.000 annual fee and £10,800 in shares. The non-executive direc-

tors would receive the shares for this year immediately if the proposal is approved by shareholders. But they would be required to hold them for the duration of their appointments. The proposal is likely to be criticised by some corporate governance activists, who claim share pay-outs to non-



COMPANIES AND FINANCE

Sir Richard Sykes, who, with Sir Colin Corness, comprises the remuneration committee

Capital Corporation to emphasise its assets

Daneshkhu, Leisure Industries Correspondent

Capital Corporation, target of a £192m (\$305.3m) hostile bid from London Clubs International its larger rival in the London casino market, is expected this week to outline its profit potential and how is management is best upmarket casinos. But it is week by up to 10 per cent, laced to realise that value. expected this week to focus but some believe it may not it will outline its argu- on the value of its own choose to do so unless a its management is best placed to realise that value.

ments by Saturday – day 89 of the bid, the last on which a target can issue new financial information under takeover rules. In its defence document three weeks ago, Capital, which owns the the Colony Club casinos in London, attacked London Clubs' record of managing

assets to back its argument that London Clubs' offer undervalues the company. At Friday's closing prices, London Clubs' 47-for-100 allpaper offer values Capital at 192p a share against Capiupmarket Crockfords and tal's 200p share price. Analysts believe that London

of Mayfair casino licences and to quantify some of the benefits expected from gov-ernment deregulation of the industry. The government Chibs can afford to raise its final offer at the end of next

proposes allowing casinos to install amusement machines, with unlimited prizes and to advertise themselves for the

rival bidder emerges

Capital is also expected to

Capital is expected to talising on Crockfords as an underline the scarcity value international brand. It emerged last week that 11 staff from Capital's corpo-

rate headquarters resigned on Tuesday after an argument over pay. It is under-stood that the management, which had promised to pay them a loyalty bonus at the end of the bid, refused demands for the bonus to be

outline its strategy for capi-£20,000 e year on average, were mainly involved in accounts and administra-

Tension had been mounting during a review of head office operations with a view to cutting costs partly by making redundancies. It is understood that the staff have been replaced and that heads of departments were paid up-front. The staff, who not involved in the walk-out. opinion between the two 230m.

rift at top as director goes

Britain's Co-operative Wholesale Society, which is faciog an cowected approach for some of its businesses from Lanica Trust, yesterday denied any rift at the top after Mr John Owen, one of its five-strong executive, decided to step

Mr Owen said yesterday that his departure was of his own volition. He admitted that the timing was unfortu-nate, but said he had completed the job he had set out to do and would leave in a spirit of goodwill. Aged 54, he has worked for the co-operative movement for 38 years. Time an opportunity to move on. It's as simple as

that", he said. However, Mr Owen, who was controller for the CWS regions and specialist retailing, wilf-continue to work on several projects for the soci-ety that will take at least until the end of the year.

Mr Owen was one of the four candidates for the post of chief executive, taken up by Mr Graham Melmoth last

men, but insisted that Mr Owen had decided to leave the executive because he had completed his task of centralising control of the CWS

retail operations.

There are no plans to replace him. The CWS also said in a statement that "any eventual severance settlement would be for the board remuneration committee to decide, and it is unlikely that they will meet until the autumn'

Mr Owen is understood to be on a salary of more than £200,000 (\$318,000) a year. Lanica Trust, the investment vehicle of Mr Andrew Regan, is considering a £500m approach for the CWS nonfood businesses. However, its ultimate target and propossis have not yet been revealed. It is likely to make its first announcement next week, when the CWS, which has annual sales of more than £3bn, publishes its 1996 results.

In spite of a sharp rise in profits at The Co-operative Bank announced last week, dated accounts are expected year. The CWS said there to show a further fall in had been some differences of retained profits to about

Large investors criticise proposed L-Tip targets

By Roger Taylor

Several large UK companies, including Reuters, the media group, and Lloyds TSB, are coming under pressure from institutional investors to drop proposed new remuneration packages for execu-

As the AGM season gets

T&N, the UK engineering

group, has won one of the biggest industrial orders in

the esoteric technology of

magnetic bearings - used in

large process plants to keep

rotating parts moving using

magnetism, writes Peter

this field, is supplying £10m

(\$16m) worth of magnetic

years to the operators of one

of Europe's largest gas fields

in the Netherlands.

executive share option ised because the it applied a scheme giving managers up to four times their annual earnings in share options if, over a three year period, returns to shareholders are among the top half of FTSE 100 companies and earnings per share grow-by more than inflation plus 2 per cent a

the month, institutions per cent over inflation is over the subsequent three warned they would take a hardly a rigorous target". dim view of executive option ... On April 15, Renters is though shareholders would schemes and long term putting forward an L-Tip be no better off." inceptive plans (L-Tips) which has even less strin. This type of L-Tip was which set inadequate perfore gent criteria. The pay-outs often worse than the share mance targets for managers. start if the company is the option schemes it was At the Lloyds TSB meeting 85th best performer in the designed to replace, she said.

The order has been placed

by Nederlandse Aardolie Maatschappij (NAM), a com-

pany jointly owned by the Royal Dutch/Shell and

It will enable the field near

Groningen, which feeds nat-

ural gas to Dutch house-

ises, to continue production

during the next decade with

bearings over the next 10 lower running costs than by German companies which

Extron oil companies.

rolling three-year period. Ms Anne Simpson, joint managing director of Pirc,

the corporate governance consultancy, said: "I-tips which pay out on performance over a rolling period will reward volatility rather than steady share price performance. Directors who see into swing, with more than

One institutional investor their company's share price said: "Growing earnings by 2 collapse and then climb back years would cash in even advised the club for more

on April 15, shareholders FTSE 100 over three years. Pirc is advising clients to will be asked to approve an The scheme was also critic vote against both schemes.

The order was described as

a "breakthrough" by Mr Viv

Fletcher, general manager of

T&N's magnetic bearings

division. "It will be used as a

reference by many other

groups which are consider-ing using magnetic bearings

In the work for NAM, T&N

AGA

is supplying its bearings to

Siemens and Demag, two

in their equipment.

son, the law firm. Mr Owen, who has also T&N in 'breakthrough' order

> of the company. board later this week.

Finance chief for Aston Villa

By Patrick Harverson

Aston Villa, the Premiership football club which is preparing to float on the stock market this spring, has appointed Mr Mark Ansell, head of corporate finance at accountants Deloitte & Touche in the Midlands, as its finance director.

Mr Ansell, 45, who has than 10 years, will be joining the board of the new public company along with Mr David Owen, senior corporate partner at Edge & Elli-

been an adviser of the club for many years and who previously ran a merchandising business for the club called Aston Villa Promotions, will be a non-executive director

The club has still to finalise the appointment of one other non-executive director. However, a well-known businessman, believed to be chief executive of a quoted company with annual turnover of more than £4bn, is expected to be named as the final member of the new

The three new members will join Mr Doug Ellis, execotive chairman, Mr Steve Stride, company secretary, compressors in work costing and Mr Peter Ellis.

BANQUE NATIONALE

DE PARIS

PROGRAMME FOR THE

COMPAGNIE

1996 NET INCOME OF FRF 843 MILLION OPERATING INCOME GAINS 38%

At its meeting of April 1 chaired by Gérard Mestraliet, the Board of Directors of Compagnie de Suez closed the accounts for the year ended December 31, 1996.

After minority interests, in FRF millions	1996	1995
Operating income at present structure	2,312	1,679
Impact of the real estate crisis	(2,541)	(5,003)
Net non-operating income (loss)	121	(658)
Income from discontinued operations	951	23
Net income (loss)	843	(3,959)
The second secon		4

Consolidated net income for the year amounted to on the disposal of the entire portfolio of loans to real estate professionals and all its own property develop-AXA-UAP investment.

million to consolidated net income. Based on present structure, operating income rose by

38% over the year. As forecast, Suez has returned to profit, led by the

refocusing strategy implemented throughout 1996. The year saw three major events in line with this strategy:

further interest in Tractebel. The total sale of Banque Indosuez to Credit Agricole.

The sale of all the real estate loans to the Whitehall

Today, Compagnie de Suez is clearly refocused on two core businesses:

- Public utilities and infrastructures.
- Retail financial services.
- 1 Consolidated financial statements

1. Operating income at present structure: FRF 2,312 million

to FRF 742 million. The retail financial services business that the merger of their two companies is now underway. sustained improvement, with a 24% increase in its will own 50.3% of Tractebel. contribution to FRF 1,251 million.

2. Impact of the real estate crisis: (FRF 2,541 million)

Crédisuez reduced its net real estate commitments by FRF 6.2 billion during the year, resulting in an aggregate capital loss of FRF 2.5 billion. In addition, a property trust has been created to manage fully-owned rented assets, which offer a yield of more than 7% on assets worth a net FRF 3.1 billion.

Thus, net real estate commitments have been reduced to FRF 4.8 billion at December 31, 1996.

3. Net non-operating income: FRF 121 million

Non-operating income of FRF 791 billion corresponded to capital gains on the sale of certain non-strategic assets, notably Salins du Midi, Financière Desiardins Laurentienne, Wafabank and IMS. Non-operating losses of FRF 670 million included a FRF 500 milli on the AXA-UAP investment.

FRF 843 million, after 1) the FRF 961 million capital loss 4. Income from discontinued operations: FRF 951 million

The contribution from discontinued operations includes their operating income, non-operating income and the ment projects and 2) a FRF 500 million provision on the capital gain on their disposal. The main contributions were from Banque Indosuez (FRF 300 million) and Société Générale de Belgique contributed FRF 1.126 Gartmore (FRF 505 million).

II - Parent company accounts

Net income from ordinary operations amounted to FRF 2,213 million. After capital gains on the sale of assets (primarily the FRF 3,403 million gain on the sale of Banque Indosuez) and a FRF 2,520 million provision on Crédisuez shares, the parent company reported net Société Générale de Belgique's acquisition of a income of FRF 3,058 million for the year, compared with a FRF 3,559 million loss in 1995.

III - Dividend

The Board of Directors has approved the payment of an exceptional dividend to take into account the large capital gain realized by the parent company on the sale of Banque Indosuez. The dividend will be paid entirely in cash as of June 26, 1997, the ex-dividend date.

IV - Outlook for 1997

The first months of the year have seen the disposals of the Company's interest in Factofrance Heller and of Société Générale de Belgique's interest in Accor. These sales will result in a consolidated capital gain of more The Utilities Business (Tractebel and Lyonnaise des than FRF 750 million in 1997, in addition the Boards of Eaux) enjoyed strong growth, with a contribution up 38% Directors of Tractebel and Powerfin announced in March (Sofinco, Generale Bank and Fortis) also reported At the end of the process, Société Générale de Belgique

> Groupe Suez expects to report further growth in operating income in 1997.

V - Proposed merger between Compagnie de Suez and Lyonnaise des Eaux

The Chairman informed the Board of Directors of the proposed merger between Compagnie de Suez and Lyonnaise des Eaux, which the Board has been asked to discuss at a special meeting called for April 11. The Board responded favorably to the proposal and unanimously approved the principle of a merger.

April 1, 1997

Notice of Annual General Meeting of AGA

cal bearings.

The company, a leader in holds and commercial prem-

hereby summoned to the Annual General Meeting on Thursday, April 24, 1997, at 5 p.m. (local time). Location: . . Berwaldhallen, Strandvägen 69, Stockholm, Sweden.

NOTIFICATION OF ATTENDANCE Shareholders intending to attend the Annual General Meeting, must be recorded as shareholders in the Shareholders' Register issued by the Swedish Securides Register Center (Vardepapperscentralen VPC AB) as at April 14, 1997. Shareholders whose shares are held in must by a bank or a public broker must temporarily register their shares in their own names in the Sharehold-ers' Register at VPC AB, to be able to attend the Annual General Meeting. Such registration times be completed not later than April 14, 1997. In addition, shareholders must notify the Company of their intention to attend the Meeting nor later than 12 acon (local time) on Monday, April 21, 1997. Notification of intent to attend the Meeting should be made in writing to AGA AB, Legal Affairs, 5-181 81 Lidingo, Sweden, or by tel. +46 8 731 11 18 or +46 8 731 13 31. Shareholders must be able to provide proof of their identity prior to entering the Meeting.

The following matters will be addressed at the Annual General Meeting:

1 Opening of the Meeting. Election of a Chairman to preside over the Meeting. Board proposal: Former County Governer Ingvar Gulinas.

3 Verification of the voting list. 4 Election of persons to check and sign the 5 Decision as to whether the Meeting has been

6 Presentation of the Annual Report and the duly convened. Auditors' Report, and the Consolidated Auditors' Report, and the Consonnation
Financial Statements and the Group Auditors' Report.

using pumping equipment are supplying motors and with conventional mechanicompressors in work costing

a On adoption of the Income Sessement and a Balance Sheer and of the Consolidated In-come Statement and Consolidated Balance

roughly £1bn.

b On appropriation of the Company's profit in accordance with the adopted balance sheer. c On discharge from Sability for the Board of Directors and the President.

8 Determination of the number of directors and alternate directors to be elected by the Proposal: The Board shall comprise 7 directors

9 Decision on fees for directors elected for the period until the next ordinary general meeting and decision on fees for auditors elected for the period until the next ordinary general.

Proposal: Directors' fees shall total SKr 1.6 million and suditors shall be entitled to debit the Company for their sets and expenses ou an ongoing basis. 10 Election of directors

a Propositi Re-election of Sven Agrup, Tomse 14 a leansson and Clas Reuterskiöld. Marcus Storch and Hans-Eric Ovin have declined re-election. Election of Lennau Selander and

Proposal: Ohrlings Coopers & Lybrand AB. 12 Closing of the Meeting.

Proposals in paragraphs 8, 9, 10 and 11 are backed by shareholders who represent approximately 40% of all the votes in the Company. OIVIDENO
The Board of Directors proposes that a dividend of Skr 2.70 per share be paid to shareholders, and that the record date for payment of dividends shall be April 29, 1997. If the Annual General Meeting so resolves, the dividend is expected to be distributed from VPC on May 7, 1997.

Lidingo, April 1997
Board of Directors

AGA AB, S-191 & Lidings, Sweden. in

ISSUANCE OF DEBT INSTRUMENTS USB 50,000,000 Floating Rate Notes due 2007 Series NT104 Tranche 1 Notice is hereby given that the rate of interest for the period from

7 April, 1997 to 7 July, 1997 has been fixed at 6.0625 per cent per annum. The coupon amount due for this period is USO 1,532.47 per lenomination of USD 100,000 and s payable on the interest payment The Fiscal Agent
BNP
BNP
(Luxeersbourg) S.A.

COR ENTREPRISES (ANCIBOLINENT ALTUS JPY 20,000,000,000.-Race Notes due 1999

Bondholders are hereby informed that the rate for the Coupon N°11 has been fixed at 0.84641, % for the period starting on 07.04.1997 such 06.07.1997, includes (recognition a meriod of specing a period of 9t days). The coupon will be payable or

07.07.1997 ≥ the price of JPY 219.009.-The Fiscal and Principal Paylog Agen CREDIT LYONNAIS

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FINANCIAL TIMES

THIS WEEK



Global Investor / Peter Martin

This time will be no different

hen the Dow is over 6,000, its sheer size dazzles the rest of the world. So big are its absolute daily swings. even in calm times, that movements in the Dow Jones Industrial Average seem to exercise a mesmerising effect on international

In fact, however, last week's US share prics declines are merely the delayed echo of a bigger, earlier slide elsewhere. In the past month, as the world's stock markets have slid, Europs has set the pace. Measured by the Morgan Stanley Capital International indices, the worst performing developed markets in the earlier than in equities, so past month have been Nor-Netherlands and Finland, all

lar terms. France is only slightly behind. The US component of the MSCI index, by contrast, has dropped less than I per cent.

So, while much of the attention has been focused on Wall Street, other markets bays suffered more. Something similar has happened in the government bond markets. In total return terms. JP Morgan's European government bond index has shown a negative return of 0.15 per cent over the past month; the US has shown a positive return of 0.25 per cent. In the bond markets, the slide started you need to go back to January to see the full picture.

The year-to-date total return

of which have dropped by for European government more than 5 per cent in dol-bonds is minus 6.95 per cent in dollar terms, whils for the US it is minus 0.44 per cent. The significance of the

Dow's downward adjustment is symbolic, however. As the chart abows, it has not merely been catching up with Europe, it has been catching up with smaller stocks too. The Russell 2000, which measures the performance of US small-cap shares, is now lower than it was in April 1996; it is 10 per cent below its peak of late January 1997.

At such moments, investors search for parallels in earlier periods. Despite warnings from Alan Greenspan, chairman of the Federal Reserve, that 1997 is not 1994, some draw comparisons with that period of Fed

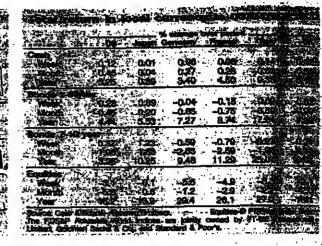
they say, the consensus was that only a small upward adjustment in interest rates was needed; instead, 1994 saw a relentless rise in rates, hurting both bond and equity markets in the process. Perhaps 1997 will turn out to be as unhappy?

Other observers discover ominous similarities with the early 1970s, when the broad market turned down while big high-flying growth stocks such as SM or Xerox - the Nifty Fifty - continued to rise, apparently unstoppably. It was only when the Nifty Fifty also succombed to gravity that the market's real lost years began.

response to the end of ths A similar delusion has been at work this time, they golden post-war era of lowsay; analysts have even inflation expansion. talked about a New Nifty Still, the performance of

tightening. Then, as now, Fifty. After the Dow's recent disproportionate number of haps the index's downward move reflects a similar belated adjustment to reality, ushering in a sustained equity-markst stagnation like the one that began in the early 1970s?

> the minority. Even if conthe rest of the world's martrarian thinking were to give kets perhaps offers a canthem some weight, both tionary lesson. In continental Europe, for example, the first definitive signs of ecocomparisons are exaggerated. Wage pressures are nomic recovery have been higher than they were in 1994, but so are real interest accompanied by equity and rates. And the equity stagnabond market weakness. That tion that started in the early indicates pessimism about 1970s was an appropriate the region's ability to emnlate the solid non-inflationary growth the US has schieved recently. The UK has managed to find the



growth, but - as its pre-elec tion boom illustrates - has yet to demonstrate the absence of inflationary pressures. And now the US is showing signs of upward ing further Fed caution

None of this means a sharp market correction is on the way. But it does mean the theory that "this time it's different" rings ever hol-

lower. Markets always shoot on the upside: each time, this process is misin terpreted as a permanent adjustment to higher sustainable growth. There may be more such overshooting to come. Eventually, how ever, the consensus will adapt to the fact that this time really is no different. The past week may mark the point at which this realisa-

COMPANY RESULTS DUE

German bank set to advance by 33%

Commerzbank, the German banking group, is expected to announce a 1996 operating profit, after risk provisions, of between DM1.7bn (\$1bn) and DM1.938bn, or about 33 per cent more than the DM1.44bn for the previous year, when it reports tomor-

Analysts forecast the bank will announce 1996 earnings per share of DM3, or 27 per cent more than the DM2.35 in 1995. Operating profit growth is lower than the 37 per cent increase recorded in the first nine months of the year because of high provisions, they said.

ing analyst for Westdeutsche Landesbank, said the bank's preliminary figures were a disappointment to the market when they were released early this year, with higher levsls of risk provisioning the most likely cause.

In January, Commerzbank announced its total 1996 dividend pay-out would amount to DM540m and it would add about DM650m to reserves. In 1995, the bank's total dividend pay-out was DM520m and it added DM400 to reserves. The bank announced an unchanged DM1.35 dividend.

Adding the total dividend pay-out and the additions to profit reserves gives an idea of 1996 group net profit, which would be about DM1.19bn, compared with

"The reason was not weaker development in the though semiconductor

merzbank had an extremely good fourth quarter, as did Dresdner Bank and Deutsche Bank. The reason must be risk provisioning," Ermisch said.

Motorola, the US electronics group, is expected tomorrow to report lower first quarter earnings per share. However, solid earnings growth in forthcoming quarters will provide evidence of a continued turnround after a disappointing 1996.

Analysts said Motorola's results would be closely watched for indications on wbether the semiconductor a third of Motorola's sales industry could sustain earnings momentum or would see a flat 1997. They noted that below-estimate results could reignite the recent sell-off in technology stocks. Mr Chris Chaney, analyst

with cellular and paging sector as a whole. At the equipment making up the bulk - the figures would be seen as a harbinger for the sector, as the company reported ahead of big semicooductor companies such at AG Edwards, said even as Intel.

earnings stream, as Com- operations represented only results from Motorola will harbinger even though it's



Such views are firmly in

no doubt be pivotal for the moment, the debate on whether the technology stocks can keep up momentum or will see a flattening in 1997 is finely balanced and these results could tip people over to either side. He said: "This quarter's Motorola is still seen as a

important to remember the significant rols of its wireless operations."

■ Burmah Castrol, the London-listed lubricants, chemicals and fuels group, is expected to quantify the effect of a weak D-Mark when it reports its annual figures today. The company makes about a third of its earnings in continental

Kleinwort Benson, broker, is forecasting a net income of £140m (\$222m), excluding exceptional items such as a £23.2m disposal profit. The forecast is roughly in line with market expectations and compares with a clean net figure of £135m last year. A total dividend of just under 40p is expected for the year, compared with 36.25p

Scotch whisky, is tomorrow expected to report interim pre-tax profits of more than 524m (£22,2m). The results will include the first full six months of Macallan Glenlivet, the malt whisky producer acquired last summer for £180m. As well as noting the performance of Famous Grouse in the UK, observers will be looking for signs that the integration of Macallan is proceeding smoothly and that the world market for single malts is in good

Tesco, the UK retailer that last month paid £640m for the Irish supermarket chains of Associated British Foods, will tomorrow report a rise of more than 10 per cent in last year's profits to about £750m (£681m). The group has dominated the supermarket sector recently, ■ Highland Distilleries, the with high-profile innovations

logues - that appear to have left its competitors standing. The group is perceived as having managed its sales and margin mix skilfully in the face of continuing flerce competition from such schemes as Esso's Pricewatch. City analysts will be asking questions about plans for the Irish sequisition, particularly on issues such as loyalty cards and distribu-

Further evidence of how sterling's surge is affecting UK companies is expected on Thursday when RMC, the world's largest concrete producer, reports pre-tax profits of about £265m. down from £341.7m. With sizeable operations in Germany, analysts estimate that about £25m of that profits fall has been caused by translating D-Mark profits into sterling

IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH.

WWF project has resulted fish ponds being built the Irian Jaya minfore They also produce an invaluable by-product: a reason for the villagers to take of care the local rain forest. The ponds require a supply of clean, fresh water. This is only available roots of the neighbouring trees are kept intact. Which gave WWF good reason to provide plans and concrete for the And because we believe it is more important to motivate by physical example than by just giving advice, WWF agricoltural extension workers helped to construct concrete tanks and dig fish community benefits, and runs the fish pond OTOCTAMME without

> World Wide Fund For Nature (formerly World Wildlife Fund) al Secretariat, 1196 Gland,

Switzerland

Privatisation issues buck trend

Since the Dow Jones Industrial Average started its recent slide shortly before the Easter holidays more than \$350bn has been wiped off the value of shares in international equity mar-

Already there are soms indications that the sell-off market after a buoyant first quarter in which, according to Capital Data, the Londonbased information service. soms \$18.1bn was raised compared with \$17.7bn in

the same period of 1996. With uncertainty and volatility making pricing more difficult, bankers said that the flotation of one north European company had been delayed, while as many as three smaller US issues have been either pulled or downsized. Much now depends on tainty appears to have had whether this fall presages a no impact - at least so far -

corrective move downwards the bulk of their business in cent of OTE, the telecommuwhich would establish a new the coming months. After floor for the market. This is last year's hectic calendar, particularly true in Europe. In the French and German markets, prices have risen by more than 30 per cent over the past 12 months.

Mr John St John, manag-

ing director of equity capital could begin to have an markets at Salomon impact on the new issus Brothers, says that it is "extremely difficult" to persuade investors to buy in a falling market. However, he welcomed last week's fall. arguing that European markets were "getting ahead of themselves". The fall was particularly positive, he said, because of the relatively low levels of trading activity. "It is excellent that on thin volume with little cash selling people are getting a little bit more sensible."

In any event, the unceron the large European privatainty or whether it is part tisation issues which look of a relatively short, sharp set to give equity managers

when some \$17.5bn in privatisation shares were sold to international investors (and that excludes shares placed with domestic retail and institutional investors), business so far this year has been more modest. Spain's Telefonica is the only west European privatisation issue, raising some \$1.7bn from international investors. But over the past few days there have been indications that the pace is likely to accelerate, with much of tha impetus coming from southern European govern-

ernment announced that it. intended to aell another tranche in ENI, the oil and gas company, by this sumgovernment approved the son, syndicate manager at flotation of another 11 per JP Morgan in London.

ments struggling to meet the

Maastricht criteria for Euro-

pean monetary union

nications company, aiming to raise about \$1hn. Finally publication is expected today of a prospectus outlining the terms for the sale of a fifth tranche in Repsol, the Spanish oil and gas company. The deal is expected to contrib-Spanish government's 1997 privatisation target of \$9bn. Moreover, over tha next few weeks European privatisations will eather pace. The Portuguese government will of the year under way next month, when the sala of Electricidade de Portugal begins. Bankers planning the sale of France Telecom. the French telecommunications company, begin road-

Last week, the Italian gov- shows in Paris on May 6. "The big visible calendar is in the privatisations. Ambitious plans are unlikely to be derailed by this correcmer. On Friday, Greece's tion," said Mr Harry Hamp-

FT/S&P ACTUARIES WORLD INDICES The FI/SEP Actuaries World Indices are owned by FTSE International Limited, Goldman, Sectre & Co. and Standard & Poor's. The Indices are compiled by FTSE International Limited and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Natilies Securities Ltd., was a co-founder of the Indices.

REGIONAL MARKETS					PRIL 4 1	997			-	THURS	DAY API	RUL 3 199	7		LADIN	
Figures in parentheses	US	%ang				Local	Local %	Gross	US	Pound			Local			Yes
show number of lines	Dollar	BÉTICO	Stering		DM		chg from		Dollar	Sterling	Yen	DM		52 week5	2 work	
of stock	Endex	31/12/94	Index	Index	index	Index	31/12/96	Yleid	Index	Inclex	Index	Index	Index	High		(appro
Australia (76)	214,18	-3.5	193.57	168.06	186.60	183.50	-1.2	4.14	214.21	193.50	168.22	185,79				
Austria (24)	.181.16	-4.6	163,78	142.16	157.83	157.78	3.6	1.85	182.43	164.80	141.56	158.23	182.65		188.44	
Balgium (26)	232.61	2.2	210.23	182.53	202.66	198.05	11.0	3.50	232.68	210.18	180.56	201.81	100.17		174.70	
Brasil (30)	244.04	28.7	220.56	191,49	212.62	475.31	31.0	1.07	235.91		183.06	204.61		241.54	205.89	
Censda (114)	153.28	-3.5	165,65	143.82	159.88	184.50	-2.1	2.11	183.90	168.12	142.70	159.50	459.28		149.60	
Denmark (32)	354.83	0.8	320.78	278.50	309.22	307.86	9.0	1.83	354.29	320.04	274,91	307.29	184.73		154.12	
Finland (28)	245,48	-0.1	221.86	192.62	213.87	255.36		1.77	247.21	223.32	191.83	S14,42	306.63		291.89	
France (\$1)			194.14	168.55	187.15	190.00		2.82	215.32	194.50	167.07		259,44		174,47	
Sermany (59)			177.74		171,34	171.34		1.65	195.89	176.95		186.75	189.52		186,94	196
Hong Kong (96)	444.89		402.03	349.09	387.60	442.58		3.42	439.95	397.42	152.00	169.90	169.90		164,47	173
ndonesia (27)			202.11	175.47	194.83	329.78		1.62	224.96		341.38	381.58	437.50	514.49	407.55	435
reland (16)				255.B3	284.05	291.53		3.26			174.00	194,59	331.01	_	-	
taly (59)		2.8	77.53	67.31	74.74	106.23		2.15	325.53	294.06	252.50	282.34	290,87	343.35	284.44	267
Japan (485)	112.95		102.09	88.84	96,41	88.84		0.88	85.30	77.05	66.19	79.98	105.45	96.32	73.19	74
Maleysie (107)				445.05	494.14				115.10	104.03	89,36	99.88	89.38	164,58	109.16	154
Aexico (27)						543.15		1.18	578.49	520,77	447,38	500,01	551.80		512.47	
etherland (10)						11617.97	10.7	1,18	1333.35	1204 (0	1034.63	1156.48	11000.84	1445.68 1		
	83.93	-8.8		263.35	292,40	285.34		2.68	335.1e	302,76	260,07	290.69	267.08		279.88	290
			75.85	66.85	79.12	64.55		4.40	84.38	76.22	65.47	73.18	64.88	95.60	75.84	e1
Vorway (41)				230.64	258.08	271.21		2,26	284.22	265,78	228.90	255.18	271.11		238.82	239
hilippines (22)				145.29	181.31	243,28	-8.8	0.72	189.32	171.02	146.90	164.20		04.20	630,04	238
ingapore (43)	393.21			308.54	342.5B	260.37	-3.6	1.08	393,64		305.45	341.42	280.22	449.15	871 65	448
South Africa (44)			924.08	281,36	312.38	345.88	6.2	2.42	355,11	320.79		308.00	342.70		\$71.28	
Spain (35)		-3.5	191.72	166.46	184.82	227.30	5.0	2.78	210.35	190.02	163.22	182.44			301.49	
Avsden (49)		-0.5	379.24	329.26	365.58	471.93		2.21	419.02		325.84		224.97		171.08	174
Switzerland (36)	253.62	6.3	229.22	199,01	220.98	225.14		1.45	253.01	228.55		364.21	471.64		334,04	336
halland (43)	84.87	-11.4	76.71	65.60	73.94	85.60		3.65	83.50	75.43	196.32	219,44	224,93		229.36	247
Inted Kingdom (211)	277.85	-1.9	251.12	218.02	242.07	251.12		3.91	276.69		64.79	72.42	84.10	186.66	73.96	166
ISA (859)				241.37	267.99	307,60		1.96		249.95	214,70	239.98	249.95		228.8 5	232
	_				201.00		1.0	1.20	304,48	275.03	236.25	264.07	304.46	331,54	254.70	267
vnericas (824)					245.37	237,22	21	1.95	278,88	251.92	216,39	241.88	234.86	303.45	233.00	244
urope (726)				168.72	209.54	218.55	7.4	2.83	239.89	218,70		208.00	212.60			
Verdie (150)	361.62	-0.3	527.01	283,91	316.23	349.46	8,6	2.06	362.28			314.22	349.31		204.71	208.
acific Besin (883)	131.82	-11,3	119.18	103.43	114.84	102,17	-8.7	1.42	133,70	120.77		115.96			288.64	
uro-Pacific (1609)		-5.0	160.09	138,99	154,32	146,49	0.8	2.21	177.98	160.78			102.74		181.50	187.
Vorth America (767)	299,99	1.5	271.12	235.39	261.35	290,48		1.97		268.39	138.11	154.37	146.49		176.79	184.
urope Ex. UK (515)	215.22	1.7		168.88	187.51	197,86		2.21	214.88		230.55	257.69	296.57		248.65	250.
acific Ex. Japan (398)	290.48			227.83	253.07	252,49		2.93		194.09	166.72	196.36	197.04		165,65	120.
Vorid Ex. US (1824)	180.57			141.69	157.32	152.41		2.18		262.26	225.28	251,90	251.04		266.97	
Vorld Ex. UK (2268)	215.54			169.12	187.78	191.47		1,88		183.76	140.67	157.23	152.53	183,47	179,10	
Vorld Ex. Japan (1992)	278 00		249.45			265.34		2.31	215.01	194.23	166,84	188.48	190.50		199.5B	208.
		2.0		21001			4.1	الندع	234.13	247.83	212.71	237.78	263.34	202.72	233,10	242
he World Index (2477)	220,83	-1.5	199,55	173.28	122.39	196.88	1.4	2.08	220.25	198.96		191.03	195.89	233.38	202.32	210.

MARKETS: This Week

A worrying March employment report brought another fall in US bond prices at the end of last week, but the equity markets made a surprise recovery: the Dow Jones Industrial Average bounced back 42.72 points to 6,526.07, probably out of relief the figures were not worse.

MDAY APRIL 7 1997

BANK

in Emerging

rital Markets

BARINGS

February to 03/04/97

tower. Markets always ore

shoot on the upside; each

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ever, the consensus will

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The past week may mark the

point at which this realist

and By AFX News

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tion started to dawn.

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The recovery had optimists speculating that the recent slide in stock prices might be bottoming out. The Dow is now down 7.9 per cent from its peak of 7.085.16 on March 11 - a significant adjustment, even if it falls short of the 10 per cent correction some analysts said was due.

uncertain, if not downright negative, for stocks and bonds alike. US markets remain convinced that last month's 0.25 per cent rise in interest rates fell far short of what will ultimately be required to stifle the threat of inflation, and subsequent economic data have only reinforced the view that the increase is likely to be the

Yet the outlook remains

first in a series. A paucity of economic data for much of the coming week could leave the bond market searching for direction, but Friday's publication of the March producer price index and the figures for March retail sales



could prove influential. Analysts think the PPI will be unchanged from the previous month, while retail sales are expected to have risen 0.6 per cent.

Equities are likely to take their cue from the comings outlook. US companies will start reporting earnfogs for the March quarter this weel and the market will be watching for signs of profit shortfalls. Coming. Motorola and International Paper are among those expected to open the season.

After negotiating a series of burdles last week, mostly from the US, London will look more to domestic affairs for direction this week Gilts ended last week slightly weaker but still

outperformed German bunds. Yields on 10-year paper rose by 8 basis points over the course of the week to yield 7.67 per cent. The yield spreed against 10-year German bunds narrowed by 16 basis points to 179 points. Analysts at ABN Amro Hoare Govett said the relative stability of gilts pays testament to the lack of

surprises in the election

manifestos of the two main

parties." That pettern is likely to continue next week. Although the markets are videly expecting short-term nterest rates to be increas after the general election next month, no change is expected before then. Thursday's monthly monetary meeting is likely therefore, to be uneventful

An increase in political infighting could unnerve the IIK stock market as the May I general election looms. although publication of the manifestos of the three main parties drew plenty press coverage but few responses from the market, The main domestic conomic news this week

will be industrial production

10 y -T 11

data for February and manufacturing details for January, both expected on Wednesday, along with housing starts and completions for February, due the same day.

The company results list is relatively short, featuring four FTSE 100 stocks, Burmah Castrol, Tesco, Smiths Industries and RMC Group. The FTSE 100 dipped L8 per cent last week but plenty in the market expect it to head back towards 4,000 before the election.

After taking fright at Wall Street's slide last week German stocks settledidown somewhat on Friday and analysts expect the market to remain fairly stable over the short term. The DAX index of blue chips ended 5 per cent lower on the week at 3,235 points, but was still 12 per cent higher so far this year and 44 per cent above its end-1995 level.

Mixed in with the gloomier

market tone last week was some positive news which gave comfort to those who feel the DAX has further to rise on the back of the stronger dollar, continu corporate restructuring and a reviving economy. The favourable outlook at BASF helped the chemical group's shares, while Volkswagen profited from the progress reported by Skoda, its Czech car subsidiary.

With no policy change from the Bundesbank last Thursday, the German market should continue to be underginned by low nterest rates, in contrast to the US where nervousness reflects the prospect of more rate rises. But last week's eaction shows German stocks remain vulnerable to Wall Street litters, however different the economic ackground. One reason is the ease with which investors can take profits in



Germany because of its rapid settlement procedures This week several press conferences will provide

focus for the stock market. Commerzbank (Tuesday), Dresdner Bank (Thursday), Bayerische Hypotheken und Wechsel-Bank (Wednesday), and VW (Thursday) will daborate on 1996 results and outline 1997 prospects. Also due on Tuesday are March jobless figures, which are expected to show an improvement on the poor January and February data.

sort of deal between GEC

and the two French contend-

ers, Lagardere or Alcatel

Alsthom, was not been ruled

out by defence industry

STOCKHOLM

observers.

With the stock market mire in concerns about the economy and the fluencial sector's persistent problems. the focus has turned to the booming bond market where the yield on the benchmark 10-year Japanese government bond sunk to a

record low of 2.14 per cent and prices soured last week.

The question is whether the time has come to short the JGB market, or whether the yield could pash down toward 2 per cent," said Mr Richard Jerram, sconomist at ING Barings in Tokyo. Bond prices climbed after the April 2 release of the

Bank of Japan's quarterly "tankan" survey of busine entiment. The report's mixed view of short and medium-term prospects for the economy respective investors that interest rate currently at a historic low of 0.5 per cent, are unlikely to be raised this year.

Until the economy is on track to a sustainable. recovery and investors believe the finalitial sector is resolving its had debt problems, bond justes are likely to stay firm. However, current JGB yields are very close to fair value and the benefits of holding large quantities are Heely to remain limited spless there is another financial crisis, said Mr Jerram.



The stock market is likely to continue hovering around 18,000, after falling on Friday by 268.72 to 17,860.59, down nearly 2 per cent on the week. The market's recent weekness, particularly in domestic demand-led sectors including financial and construction stocks, reflects nagging concerns about the strength of the US currency, sluggish domestic demand following an increase in sales tax from 3 per cent to 5 per cent, and problems in the banking system.

COMMODIFIES TO A SESSE Fall seen in wheat plantings

Attention in the grain markets is fixed on the outlook for this year's spring plantings in North America. After last year's price volatility in wheat, with international prices rising sharply early in the year and falling back in the latter half, US farmers are cutting back wheat production, and switching to more profitable

crops such as soyabeans. This is an early indication of the effects of the so-called "freedom-to-farm" legislation passed in the US, which allowed farmers to decide what they want to sow, within climatic limits.

According to the Interna- 1992-93. tional Grains Council's latest the US for spring-sown trops "used to "traintain!" high "to production:

wheat from 9.6m hectares in 1996 to 8.5m ha in 1997, a decline of over 11 per cent. Meanwhile, US farmers are

planning to increase the area planted for soyabeans from 26m to 27.8m ha, a 7 per cent expansion, and for cotton from 5.9m to 6.9m ha. The crops are due to be planted this month or next. The IGC also expects stocks to stay at a low level

by recent standards. It forecasts stocks of 100m tons in the 1997-98 crop year, unchanged from 1996-97 estimates but well below levels

Governments, particularly

will cut the area planted for stocks, have cut back. That means, the IGC said, that the level of production from year to year has a greater impact on world prices. That is likely to increase volatility.

Traders are expected to focus on the weather as it affects crops, although wheat is a resilient plant. Last year there were record yields in many northern hemisphere countries in spite of poor weather early in the growing season.

Furthermore, one grain expert suggested, if early indications for winter wheat were poor, farmers in Canas high as 146m tons in ada could respond by increasing plantings of There has been little panic spring wheat, adding a fur- in the market and no real ding auction for Thomson. report, planting intentions in of the EU and the US, which ther element of uncertainty weight of follow-through

Having survived the March US employment data released last Friday, leading European bourses will probably spend most of the week wondering what the US producer price numbers have in store this Friday.

PARIS

After another week of Wall Street-led correction the French stock market looks set to stay in cautious mood. The leading CAC 40 index is now more than 7 per cent adrift of its March peaks and brokers report that investors' fixation with the dollar and US interest rates continnes unahated.

"If Wall Street can steady, Paris could see bargain-hunting! In recents weeks midcap stocks have noticeably lagged behind the CAC 40," said one broker.

Apart from media group Havas, which rolls out annual numbers on Thursday, there are few results in train. The main area of domestic focus is likely to be the planned merger between Suez and Lyonnaise des Eaux, and the bid contest for

defence giant Thomson-CSF. The Suez and Lyonnaise des Eaux boards have agreed a deal in principle and full terms are expected towards the end of this week. There hold of investor sentiment. was heavy betting in Paris However, recent trading on Friday that the governnotably in the bond market bas been relatively orderly. ment was close to announcwhere long yields are close ing the winner of the bidto a sixth above their 1997

lows.

to pull something out of the ft became known that GEC of the UK was keen to buy hat ahead of next year's genthe state's 58 per cent stake in CSF. The French governeral election. Political observers see this ment quickly ruled that GEC month's budget as the possicould not bid, although some

ble starting point. The bourse showed just how volatile the going can get when tt fell more than 5 per cent over the first two trading days of last week

HONG KONG

Brokers expect caution to This week's run-up to the dictate trading this week, Swedish budget on April 15 looks like proving a testing after last week's see saw performance, writes Louise Lucas from Hony Kong. time for the Stockholm

bourse. Worries about fiscal Following Wall Street, the laxity have begun to take nchmark Hang Seng index fell heavily, although Friday provided a technical rebound with the index ending at 12,204.59. Turnover, however, was roughly half the This took on a whole new . The feeling among brokers levels seen during March.

spooked by the 25 basis point interest rate rise which followed a similar move in the US, and by the government's commitment both to make housing more affordable and to fight against speculation. These moves came as a Hong Kong property devel-oper, Sino Land, paid e record price for land at gov-

ernment auction. As such, analysts are anticipating a weaker second quarter for the stock market, and a number of securities bouses have cut back from their previously overweight positions.

Activity is likely to be sustained in pockets, particularly in laggards and Chinarelated companies. A big pipeline of listings, many of which have a China slant, are also expected to attract selling. perspective last week when is that the government needs. Hong Kong's dominant investor attention.

D-Mark may move back to centre of attention

back at the centre of atten- primarily from a reversing

German unemployment to 11.2 per cent, a drop of 0.1 data, due tomorrow, marking the end of Germany's Retail sales for February, but higher interest when cent, continuing the econospell in the economic dolalso due this week, are the Federal Open Markets my's rapid fall in inflation. is their last such meeting.

FT GUIDE TO WORLD CURRENCIES

tion things this week, follow- trend in the construction employment report out of ket tightness. Today sees the investors decide to rush into ing the high rise in indus- sector, with the mild the way, the foreign release of February con- the fixed-income market. trial production in February weather prompting compaannounced last week.

Analysts expect a similarly dramatic movement in sonally-adjusted jobless rate to give a lead to the dollar.

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Last week's late bond and week. Italy's final index for

The table below gives the latest available rates of exchange (rounded) against four key currencies on Fidday, April 4, 1997. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise, in some cases market rates have been calculated from those of foreign currencies to which they are tied.

After so much of recent drums. Deutsche Bank is expected to have fallen, market focus on the US, Germany's D-Mark might be back at the centre of atten-

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
CCA (Australia)	CCBPI (Philippines)	Soft drinks	\$2,9bn	San Miguel in share awap
HSBC (UK)	Banco Bamerindus (Brazil)	Banking	\$1bn	Asset purchase
Zeneca (UK)	Saliok Healthcare (US)	Hoolthcare	\$234m	Buying out- stending 50%
MA (UK)	TA Hydronics (Sweden)	Engineering	\$155m	Complementary buy
Robert Bosch (Germany)	Dencal Telecom (UR)	Mobile talecorps	\$147.2m	Amstrad changes direction
Penang Shipbuilding Construction (Maleysia)	Danyard (Denmed)	Shipbuilding	\$100m	initial 48% plans
Snyder Communications (US)	Brann Holdings (UK)	Marketing services	\$82.5m	Expands European reach
Valeo (France)/Shanghai Automotive (Chine)	Strengtral Valeo (JV)	Auto components	\$49.9m	Engine for growth
Pressac Holdings (UK) .	Keumegraph (US)	Auto parts	\$14.4m	Renews expension
Pico (US)	Stadoo Automation (UK)	Engineering	\$13.4m	Buy via local arm
Triplex Lloyd (UK)	Feingusswerk Bochum (Germany)	Engineering	\$15.8m	Sales-related price

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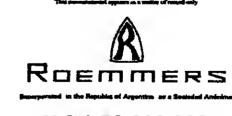
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SYNDICATED MEDIUM TERM FACILITY **DUE 2002**

DRESONER BANK LUXEMBOURG S.A.

BANCO REPUBLICA S.A.

ARRANGERS & JOINT-LEAD MANAGERS

DRESDNER BANK LUXEMBOURG S.A. BANCO REPUBLICA S.A. CO-LEAD MANAGER

BANQUE SUDAMERIS ARGENTINA S.A.

MANAGERS

ABN AMRO BANK N.V.

BANCO SUPERVIELLE SOCIÉTÉ GÉNÉRALE S.A.

FIRST NATIONAL BANK OF BOSTON

INTERCONTINENTAL BANK (URUGUAY) S.A.



Politics overshadows Bombay

reclining on an armchair. good news from India."

course, but many foreign investors in the sob- ther reform in the country. continent could be excused week of political drama that has thrown the Indian market into turmoil just as its prospects appeared to be brightening et long last.

But the outlook may not be as gloomy as it seemed when the Bombay Stock exchange suffered one of its Fleming India says corporate biggest one-day falls last earnings should grow by Monday in reaction to the about 29 per cent in 1997-98. the once long-ruling Congress Party withdrawing support for the United Front trading on e prospective coalition government.

The market has already recouped most of the initial losses. The BSE 30 index fell by 300 points or 8 per cent on that day, to 3,363. By the end of the week, however, it was back to 3,550,37.

Brokers said the correction was driven by widespread expectations that the United Front'e aggressive tax-cutting budget unveiled on February 28 would still be for the market," he says.

World (449)

Argentina (22) Brazil (24) Chile (16) Colombia (13)

Mexico (27)

Peru (12) Venezuela (6

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Greece (20) Poland (25) Portugal (18) South Africa (30)

Turkey (27) Europe (134

Pakistan (13)

Asia (193) .

Asia China (27)

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A Bombay investment passed by parliament. The banker has a cartoon stuck fate of this budget, which in to his wall showing two one stroke largely turned portly gentlemen in a pri- around sentiment towards vate London club, looking at India among foreign invesa cobweb-covered ekeleton tors, has become a litmus test for assessing the key One says to the other: "Oh issue facing the market him, he has been waiting for the impact of the current political oncertainty on cor-It is an exaggeration, of porate earnings, the economy and momentum for fur-

At the start of the year, for wondering how much brokars had pencilled in truth there is in it, after a forecasts of a strong rebound in corporate earnings, fuelled by a pick-up in the economy. These forecasts were raised further after the February budget, which outlined large-scale cuts in corporate and personal tax.

Mr Sam Tully of Jardine With this growth, he says, the BSE 30 index is currently price-earnings ratio of 10.1 times, making the market one of the cheapest in Asia.

Mr Tully says that if, as expected, the budget is passed, this corporate earnings growth should be maintained providing that there is a quick resolution to the political uncertainty.

ING BARING SECURITIES EMERGING MARKETS INDICES

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-3.52 -2.73 +3.22 +3.21 -3.14 +17.73 -1.91 -2.28

-0.96 -6.66 +4.94 -16.53 -1.24 -14.94 +3.67 +3.37

Admission cards and ballot papers are available assording to Article 11 of the Articles of Association until five days

before the Annual General Meeting (ie up to and

including Friday, 18 April 1997)

Percent

-1.34

-2.97 -0.83

+1.70 +1.47 -3.33

+1.51 -3.09 -1.33

-2,37 +4,08 -6,36 -3,15 -0,38 -1,01 -0,86

-1.74 -4.34 +6.38 -6.11 -1.72 -4.72 +1.86

-1.59

"The budget is very important. If it is not passed, there could be a negative fall-out

-1.78

+19.01 -13.30 -1.09 -1.24 +6.31 +0.01

-3.13

+0.38 +2.36 +4.97 -1.21 +30.33 -4.97 -0.41

-9.40 +26.40 -51.46 -1.79 -1.82

-2.03 -16.46 -1.10 -22.61

-1.57 -25.80 -2.10 +10.34

Novo Nordisk AIS

The Company will hold its Arioual General Meeting of Shareholders on

Wednesday, 23. April 1997 at 4 30 pm at Laurentsvej 45, Bagsværd, Denmark

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But much still depends on the political outlook. Although Congress is not a member of the United Front, the coalition has only a minority in parliament and had relied on the support of the party which has ruled India for all but four years of

its independence.

The United Front has now been given until April 11 to prove a majority is the house. With no one party. including Congress and the Hindu nationalist Bharatiya Janata party, able to form a government in their own right, a new coalition will have to be formed or fresh elections called.

Most political observers say some form of coalition is likely to emerge but any outcome is far from certain.

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Year to data movement Actual Percent

+6.18

+17.92

-4.15 -6.19 +1.28 -9.39 +20.85

The dividend as approved at the Annual General
Meeting will - after deductions withholding tax - be
sent to Novo Nordisk A/S statementers directly via The
Danish Securities Centre

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SC Iniciax	If fresh alections were held most brokers forecast that the market would slide
1	back on the likelihood that the new polls would suspend
.	decision-making by the gov- ernment until they were
MAT	over. This is in spite of expectations that the mar- ket-friendly BJP would be
	the party most likely to gain power.
MP	Mr Anand Tandon, direc-

says, however, that even if a new coalition is formed, the threat of new polls will overhang the market for the next year or so. "There would always be the suspicion that Congress may pull the plug again," he says. This may be the most

direct consequence of the current political turmoil. Before it began, most analysts had predicted the market would run up to around 4,500 on sustained foreign buying. Now the expectation is that any rally would be capped around 3,800-4,000.

The wild card that cannot be ruled out is the inflow of foreign funds. At the time of the budget, many foreign fund managers were caught underweight in their allocations to India.

Many then tried to increase their exposure through a \$528m global depositary receipt issue late last month by Videsh Sanchar Nigam, the international telecoms provider.

This issue was heavily oversubscribed, with gross commitments reaching about \$5bn. This may indicate that more funds are due to come into a market which is notoriously thin. In spite of the large size of the Indian market, very little money is required to move share prices about.

What is unquantifiable, however, is how much lingering damage the current political imbroglio will do to the reputation of the volatile Indian market among foreign investors, and how much it reinforces concerns about its uncertainties.

"Just when foreign investors were starting to get warm feelings about India again, along comes this," said one leading Bombay broker last Monday.

Dollar stars in record quarter for issuance

be quarter of 1997, beating the previous record of \$186.6bn set in the same period last year by almost 10 per cent. tor at brokers InvesTrust, The US dollar remained borrowers' favourite source of funds, with \$84.47bn raised through 362 bond issues, according to Capital Data Bondware, the finan-

cial information provider. The market share of the US currency was also sharply higher, at 41.35 per cent of all bond financing, up from 35.26 per cent in the first three months of 1996. A large part of this gain was made at the expense of the D-Mark, whose market share fell from 22.66 per cent

to 14.51 per cent. "The dollar benefited from a combination of favourable factors," said a syndicate manager at a large continental European bank.

"Tension over European economic and monetary union, a strong US currency and e positive vield differential over most other markets attracted investors to the dollar sector," he added.

However, bankers pointed out that US dollar bond issuance was dominated by "defensive" issues, which are less vulnerable to rises in interest rates - notably floating-rate notes and paper with maturities of less than five years.

"We have moved from a long bull run [throughout 1996] to e bear market environment," one syndicate official explained. "And this trend will remain in place as long as US rates are on an has been strongly championupward trend."

towards the beginning of the the ecu is the forerunner of year, as the pace of issuance

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Bond issuance reached a dried up in the run-up to last record \$204.3hm in the first month's monetary tightenmonth's monetary tighten-ing by the US Federal

Reserve. "Borrowers wanted to lock in the low interest rates that were available at the beginning of the year," one banker said.

Sterling bond issuance almost doubled to the equivalent of \$26,79bn, making it the third most active sector. "Sterling is the great div-

ersifier from Emn-related

uncertainty," said Mr Mark

Fox. chief European strate-

gist at Lehman Brothers. "The rising currency, supported by a strong economy, attracted demand from investors. As a result, foreign holdings of sterling-denominated bonds have risen to fairly high levels," said

Mr Fox. However, some observers warned that issuers might have overestimated the extent of demand in the sec-

"Spreads of recent issues have widened in the secondary market, which shows that a lot of paper has not been entirely placed with final investors," said a bank

executive in London. "Issuance should slow down in the near future, at least until the overhang has been absorbed."

The Ecu was also very active, with new issues almost tripling to \$4.78bn equivalent. As a result, the sector rose to eighth position, surpassing the Spanish peseta and Dutch guilder in terms of volume.

"The French government ing the cause of the ecu," Primary market activity said Lehman's Mr Fox. "It was also noticeably skewed has sent a strong signal that tha euro."

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As e result, he explained, some typically domestic French investors were recently seen diversifying into the ecu for the first

"For French investors the ecu, along with the D-Mark, is the natural area of diversification as long as it offers higher yields than the franc," he added.

Another analyst explained that the ecu sector had benefited from the proximity of 1999 - the planned date for the start of the single European currency.

But bond market professionals do not expect the sector to return to its former glory in the foreseeable

Although ecu bonds accounted for almost 3 per cent of total issuance in the first quarter of the year, up from less than one per cent a year earlier, ona analyst said: "This growth started still far from the 10 per cent

He also pointed out that holdings of ecu-denomic bonds were mainly in the hands of European central banks and government agen

"Issuance is not driven by market forces, but by a political commitment to Emu," he explained.

Among the top ten lead managers. Merrill Lynch retained first place, with a roughly stable market share of 6.37 per cent. However, it . was closely followed by J.P. Morgan, which led \$12.19bn worth of bonds. almost double the amount it had handled over the same

period last year. Credit Suisse First Boston and Deutsche Morgan Grenfell, stable in fourth and fifth position respectively, were ovartaken by Goldman Sachs, which rose from

sixth. UBS was the only bank to drop out of the top ten - to from a very low base. We are 13th position with just over \$6bn of issues - while Mormarket share of the early gan Stanley fell five notches to number seven.

Jac ..

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TOP	NCY	Y CURRE	UES B	155
Manage	No. of	Total raised (Sbn)	1996* Rank	o, of
Merrill L	287	65.82	1	362
JP Morg	140	42.29	2	120
Goldmen	65	14.34	4	100
CSFB	29	11,47	5	36
Deutache	316	14.76	3	209
SBC Wa	29	4.95	8	53
Morgan Lehman	95	8.70	6	79
ABN Am	10	1.60	13	17
Salomon	28	7.69	7	29
Industry	22	1.89	12	93

*	Total	No. of		Firs	t qua	ter of	1997	_
<u>k</u> _	raised (Shn)	tiount	Manager	She	Rank	96	leanes	
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2	42.29	140	JP Morgan	12.19	2	5.97	65	6
4	14.34	65	Goldmen Sachs	11.92	- · 3	5.83	32	8
5	11,47	29	CSFB	11.05	4	5.41	62	B
3	14.76	316	Deutsche MG	10.94	5	5.35	104	9
8	4.95	29	SBC Warburg	10.40	6	5.09	- 54	8
6	8.70	95	Morgan Stanley	8.40	7		89	11
_			Lehman Brothers	8.00	. е	. 3.92	34	- 6
13	1.60	10	ABN Amro HG	6.85	9	3.35	47	6
7	7.69	28	Selomon Brothers	6.64	10	3.25	32	6
12	1.89	22	industry totals	204.3		100.0	1304	18
8	ource: Capital Dal	a Bondware	Full credit to book number					9

First quarter of 1996 She Rank % feeses 1.67 1 6.25 6.21 12 3.33 9.57 9.51 9.92 1.51 4 5.13 5 5.09 3 5.31 10 3.52 e 3.6B

INTERNATIONAL BOND LEAD MANAGERS

	Wednesday, 23. April 1997, at 4:30 pm	at Laurentsvej 45, Bagsværd, Denmark		10 Pesetas	3.06	93	12	1.89
Ac	renda:			First quarter			. Source:	Capital Data Box
	The Board of Directors report on the Company's	Admission cards end ballot papers duly applied for						
	activities in the past tinancial year.	beforehand and in writing, and which you prefer to	- 110	NEW INTER	RNATIONAL	BOND	ISSUES	
		collect personally, are available for collection at Novo	11.	Borrower	Associat Goupo	n	Yeld Laugh	Book-sunner
2,	Presentation of the Figure al Statements, the Addis	Allé, DK-2880 Bagsværd, building 6A, on weekdays	1 10		il many x	1160	Je shown of	,
	tors' Report and the Annual Report as well as the	between 10 am and 2 pm from Tuesday, 8 April, to	1 11	US DOLLARS Europeep komstroeet Bunk	300 Apr 2001 6.625	00 9030	£ 500 4457.8.5	OR COLD Markets
	Consolidated Financial Statements	Tuesday, 22 April 1997, both days included.	1 12	Althey Hamonal Trousing	300 Apr 2000 8.75	99.87H	6.683 \$4574%-0 8.799 +12574Fab	00) SBC Wartery
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	Hom their congations, and the state of the s	holder when stating the nominal value of his/her shares.		Spintals D-MARKS	125 Apr 2000 6.875	99.945R	6.896 +295% Feb.	IO) Salomon Broths
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	ing to the adopted Financial Statements.	la isspect of shares not entered in the Company's		Model Bank	250 Apr 2002 4.75	99.55R	4.854 +10(434Apr)	
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5.	Election of members to the Boatd of Directors	Against production of document about all two many	- S	Swedish Export Credit(d):* Swedish Export Credit(d):* Female Mas(d).(f):*	10bn Jul 1997 4.00	106.00		Kolenni Europa
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	Proposal to authorise the Board of Directors, unit the	The Harris Salentins he Andrew Herrich		Boerenle	enbank (R	abob	ank Nec	lerland)
	next Annual General Meeting, to let the Company				Series 1	No: 19) 7	
	acquire own shares of up to 10% of the share capital and at the price quoted on the date of purchase with	Control of the second section by the		I	alian Lire 20	0,000	,000,000	
	a deviation of up to 10%, of Section 48 of the	tare in the light of the spection by the special property of the special prope	1 11		er cent. Call			
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8.	Miscellaneous.	Respect will automatically be sent to all shareholders		interest on the n	e next interest pays	crue.	-	
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Call Notice ratieve Centrale Raiffeisen nbank (Rabobank Nederland) Series No: 197 Italian Lire 200,000,000,000 10.10 per cent. Callable Notes due 1999

London EC2A 2HE Swiss Bank Corporation Dept: VS SEK P.O. Box 8010 Zurich 14 Boulevard ED, Roose Accrued interest due on 29th April, 1997, will be paid in the manner on or after that daze against presentation of Coupon 1.

Bankers Trust Company, London Agent Bank 7th April, 1997

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Subordinated Floating Rate Notes due October 2002 Plates in leavely given that to the still movine interest Period Lut interest (e.g. 16).

October 7, 1997 the Notes will carry an interest rate of 5.94765% per annum. The interest payable on the relevant interest payment date October 7, 1997 will be U.S. \$148.03 and U.S. \$2,972.58 respectively for Notes in denominations of U.S. 55,000 and U.S. \$100,000.



By: The Chane Manhettan Benk London, Agent Benk O CHASE IS HIMALAYAN FUND NV

NOTICE OF ANNUAL GENERAL MEETING Notice is hereby given that the Annual General Meeting of IS Himalayan Rund NV will be held at 11.00 a.m. on Monday 28th April 1997 at SNS bank Rundstad NV, Menwezijds Voorburgwal 162, Amsterdam for the following purposes:

To approve the Report of the Directors and the financial statements for the year ended 31st December 1996.
 To authorise the Directors to use the English language in the annual report and financial statements.

3. To re-appoint KPMG Accounterity NV as auditors of the

Company.

4. To authorise the Directors to fix the remains Copies of the annual report may be obtained from the Administrator whose address appears below, SNS bank Randstad NV, Nieuwezijds Voorburgwal 162, 1012 SI Amsterdam and Bunque Indosnez, 122 Leadenhall Street, London BC3V 4QH. The ordinary starres are listed on the London and Amsterdam Stock Exchanges.

NOTES

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The shall carly be entitled to attend and vote at the Annual Got A member shall only be entitled to attend and vote at the Assuml General Mosting whether in person or by prucy if such member has deposited documentary proof of his thresholding at the offices of SNS bank Randstad NV, Nieuwezjde Voorbugwel 162, 1012 31 Amsterdam not less than 48 hours before the thee appointed for the Assuml General Meeting in respect of which the member shall be issued a venelage. This recopt must be presented to gain easy to the meeting more that such requirement will be dispensed with on the presentation of a certificate issued by Baroclear or CEDEL SA, confirming that the beaver holds and shall continue to hold the number of shares specified therein up to the end of the Assumi General Meeting.

Any member shall be entitled to attend and whet in sevene or by money at the

mers specified therein up to the cold of the Amuel General Meeting, sy member shall be entitled to attend and vote in person or by proxy at the

above meeting.

(iii) A member may appoint one or more proxies to attend and, on a poll, vote instead of this. A proxy need not be a member of the company.

(iv) All instruments of proxy must be deposited at the offices of SNS bank Ranchand NV, Nieuweright Voorburgwal 162, 1012 SI Amsterdam not less than 48 hours before the time appointed for the Amuni General Meeting. The lodging of a form of proxy does not provent a member from attending and voting if he wishes.

The Administrator Netherlands Manage Company BV ht 320 1016 CE Ams



7th April 1997

FAX: (301) 335 301) 325	URITIES S. A MEMB 4100 - 3311456 - 3245874 2241 - TELEX 210733 ATR Mr John Marcopoules		HE ATHENS STOCK EXCHANG REUTERS PAGES: ATGG-HH TELERATE PAGES: 17890-1-2	
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(Now Chase Manha U.S. \$200,000,000 Subordinated Floating Rate Notes Due 2000 In accordance with the provisions of the Notes, notice is hereby given that for the Interest period from April 7, 1997 to July 7, 1997 the Notes carry an interest rate of 5.9625% per annum.

Chemical Banking Corporation

flagsværd, April 1997 The Board of Directors

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	Control Cont	U.S.\$2,000,000,000 Floating Rate Notes Du In accordance with the provisions of the hereby given that, for the Interest Perio (and including) 7th April 1997 to (b) July 1997, the Rate of Interest applie will be 5.5625 per cent, per annum. The Date for Coupon No.3 will be 7th July 101erest Amounts will be US\$14. US\$1,000 in principal amount, US\$14. US\$10,000 in principal amount, US\$14. US\$100,000 in principal amount and Notes of US\$1,000,000 in principal amount and Notes of US\$1
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	Column C	291,998.16. The Director's Declaration and Anditors' Report requestions Act 1985 are available for inspection at the Any creditor of the Company may at any that immediately following the date of the resolution of apply to the court under section 178 of that Act for payment. Dated 7th April, 1997. A Prince Site for your Commercial Property Advertise your property to approximately 1 million FT readers in 160 countries.
•	Tree to Filters Terms Trees 1924 -2 1924 -	For details: Tina McGorman +44 (0)171 873 3252 Fax: +44 (0)171 873 3098

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EU acts on human rights

Human rights in the European Union and animal testing for cosmetics are among the subjects under discussion at this week's session of the European Parliament in Strasbourg (to Apr 11). The annual report on human rights expresses concern at an "erosion" of rights in parts of the EU. Greece, Ireland and the UK come under fire on issues such as abortion, the prevention of terrorism and the rights of conscientious objectors. MEPs are also expected to call for strict labelling of genetically modified maize. On Wednesday, the house will consider how to reduce car pollution.

Launch of Eurosceptics

The UK Independence party launches its election manifesto. The Eurosceptic fringe party, which has 210 candidates standing, believes in Britain's immediate withdrawal from the EU. The launch will be conducted by Alan Sked, the party's leader, who is also a professor of international history at the London School of Economics.

Polish president sees Pope

Aleksander Kwasniewski, the Polish president, meets Pope John Paul II in the Vatican in an attempt to repair relations with the Catholic church before s papal visit to his native country in May. The pontiff is disappointed that Poland's parliament has falled to date to ratify a concordat signed in 1993. Mr Kwasniewski, meanwhile, is keen to broker a compromise allowing his hitherto reluctant former communist Left Democratic Alliance to vote the concordat through - thereby defusing Church opposition before this autumn's elections.

Brazil takes telecoms bids



bids for 10 concessions to operate cellular telephone services, to compete with existing ones offered by the public network.

Brazil accepts

This marks the start of privatisation of Brazil's federally controlled telecoms services, which the government says will attract \$100bn (£62.8bn) of investment over the next six years. The ministry hopes, optimistically, that the first private cellular services will be operating by the end of this year, and that the entire network will be in private hands by the end of 1998.

Netanyahu in Washington

Benjamin Netanyahu, the Israeli prime minister, will today bold crucial talks in Washington with US president Bill Clinton. The US will attempt to put the peace process back on track but Mr Netanyahu has insisted he is not prepared to back down on building s



All shipped up: the future looks bleak for Gdansk shippard as the Polish government struggles to find building orders in the wake of civil unrest

new Jewish settlement at Har Homa in east Jerusalem, a move which led to the virtual suspension of all contacts between Israelis and Palestinians and renewed violence between both sides.

Quest of the non-aligned

The Non-Aligned Movement will continue its quest for post cold-war relevance in Delhi, where 70 foreign ministers from the 112-nation movement gather for a two-day summit Reform of the United Nations and nuclear disarmament are expected to dominate the agenda. India's political crisis has put paid to hopes that the meeting might further thaw relations between the summit's host and Pakistan.

Cohen visits Japan

William Cohen, the US defence secretary, arrives for talks with Japanese leaders (to Apr 9). The main topic will be the US bases in Okinawa, the subject of heated political debate and public protest in Japan. Many of the leases for US bases expire next month and 3,000 land owners are refusing to renew them. Ryutaro Hashimoto, the prime minister, has put a bill to parliament which would allow continued compulsory land leases for the US military in Okinawa. Meanwhile, tensions have heightened after an alleged sexual assault by a US serviceman in Japan last week.

Japan seeks fishing deal

Japan and Russia begin negotistions in Moscow over Japanese fishing operations near disputed islands off Hokkaido. The islands, known in Russia as the Kuriles, and in Japan as the Northern Territories, have been

under Russian control since the end of the second world war, hut Japan has pressed its claim more strongly since the collapse of the USSR. After clashes between Japanese fishing boats and Russian coastguards, both sides have been looking for a way to allow fishing to go ahead peacefully, without making hasic concessions. The solution will almost certainly involve payments hy Japanese fishermen to Russia.

Public holidays Armenia, Mozambique, Nepal, Rwanda, Sudan, Thailand.

TUESDAY

UK parliament dissolves



formally dissolves, with existing MPs losing their titles. Those seeking re-election take on the same

The UK

parliament

status as other parliamentary candidates. Parties can present candidates up until April 16.

Plaid Cymru manifesto

Plaid Cymru, the Welsh nationalist manifesto. At the 1992 election, Plaid won 9 per cent of the Welsh vote. gaining foor seats in the House of Commons, Dafydd Wigley, its leader, says Wales needs a parliament to bring its services "under democratic control" and give its nation "a voice in Europe".

Median Previous

Statistics to be released this week

Day

Fight to protect folklore

Polklore and intellectual property experts begin a three-day meeting in Phuket, Thailand, to discuss better protection of folklore from piracy by commercial interests. Many developing countries want a binding treaty to replace the present recommendations by the Geneva-based World Intellectual Property Organisation and the UN Educational, Scientific and Cultural Organisation (Unesco) in Paris. Poorer nations argue that protection is needed to stop their traditional songs, literature and crafts being used freely, depriving indigenous populations of royalties or the means to earn a living.

Public holiday Mauritius.

WEDNESDAY

Chirac in Bonn

Europe's planned single currency, the Euro, as well as revisions to the Masstricht treaty and the proposed eastwards expansion of Nato will be on the agenda when France's President Jacques Chirac arrives in Bonn for an informal meeting with Helmut Kohl, the German chancellor.

Philippine peace talks

Peace talks between the Philippine group Moro Islamic Liberation Front (MILF) begin in Cotabato City, two months after a shoot-out which killed 37 rebels and members of security forces. The MILF is the most heavily armed of the Moslem rebel groups that have yet to conclude a peace

agreement. It is demanding a separate Moslem state. Last September, the government signed a peace deal with the larger Moro National Liberation Front. The government hopes to sign a peace treaty with the MilF by June.

Gas chase in \$ China sea

China and Vietnam hold talks in Beijing to tackle their dispute over sovereignty of a potentially gas-rich area in the South China sea. The area lies between China's southern island province of Hainan and Vietnam's central coast. The Vietnam authority demanded China stop its operation of the Kan Tan III oil rig within the area in March. However, China refused.

FT Surveys Russis; Danish Banking and Finance.

Public holidays Georgia, Philippines, Tunisia.

10 THURSDAY

WTO push in banking

Negotiations resume in Geneva on a multilateral agreement to liberalise trade in financial services such as banking, insurance and securities dealing. World Trade Organisation talks were broken off in 1995 after the US refused to take part, arguing other countries' offers were not good enough An interim agreement, without the US, expires in December. Following the recent success of WTO negotiations on liberalising telecoms services and eliminating tariffs on information technology products, hopes are high that a financial services deal - with the US - may be reached this year.

EU debate on consumers EU consumer affairs ministers meet in Luxembourg for a session on bow the European single market affects consumer interests. Ministers will hold a public debate on consumer protection, as well as discuss regulations on consumer credit and protection in the financial services sector.

Saleroom



The bag in which the explorer Sir Ernest Shackleton boarded a Christmas pudding plus the twig of artificial holly to decorate it - on his first journey to the Antarctic in 1902 comes up for sale at Christie's in London. Up to £1,500 is expected for the mementoes. Eight paintings by George Marston, the official artist on Shackleton's 1914-1917 trans-Antarctic

US Masters at Augusta, Georgia (to Apr 13).

expedition are expected to make up to

unlikely artist, Captain Bligh of the

Bounty, is also in the sale.

FRIDAY

Solidarity rally in Polyn More than 20,000 people are expe attend a rally in Warsaw pro against the closure of the banks Gdansk shipyard. The rally has called by the Solidarity trade unit which is angered at the govern failure to save its birthplace. Solidarity, which has emerged strongest opposition force in Possesses the march as part of a position campaign ahead of elections this autumn.

FT Surveys Clocks, Watches and Jeweller Investing in Central and Hast

Europe; Tax Self-Assess only).

Public holidays Costa Rica, Liberia.

SATURDAY

Soccer

The soccer season starts in Japan. J-League - Japan's professional football league - will be trying to boost the game's popularity in preparation for the 2002 World Cup, which ispen is to host jointly with South Kores. J-League was launched in a biase of publicity four years ago, and instially attracted droves of enthusiastic supporters, particularly young women Last year, however, attendances were down by 21 per cent, and revenues and TV ratings also dropped.

SUNDAY

Elections in Croatia



Elections for regional and municipal councils are be held ... throughout. Croatia including the Serb-heldenclave of

13

eastern Slavonia, Eastern Slavonia, from which Crosts were expelled six years ago, is due to return to Zagreb's control by July. The UN Transitional Authority, which is supervising the polls in eastern Slavonia, has stepped up security since an attack by Serb extremists on candidates of President Franjo Tudiman's HDZ party.

Marathon

The seventeenth London marathon takes place, over 26.2 miles.

Motor racing Argentine grand prix, Buenos Aires.

Compiled by Simon Strong. Fax: (+44) (0)171 873 3194

ECONOMIC DIARY

Monday: Italy's final consumer price index for March is likely to be 2.2 per cent, continuing the Italian economy's rapid fall in inflation. At the start of 1996 it was around 6 per cent. The fall increases pressure for interest rate cuts by the Italian central bank.

Tuesday: German unemployment is tipped to take a big

Other economic news

tumble of around 200,000 off the jobless total, as March's mild weather saw a pick-up in construction activity. Wednesday: UK industrial production figures for February look like continuing the steady bnt unspectacular growth in the sector, although the strength of sterling may have hit exports. Analysts expect annual growth of just above

Thursday: The UK's chancellor of the exchequer meets the governor of the Bank of England to discuss monetary policy. With three weeks until the general election, a

2 per cent.

rate rise is unlikely. Friday: Producer price inflation and retail sales data are released in the US, while France and Spain announce consumer price inflation for March.

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	US	Feb consumber credit	· · · ·	Canada	Merch raw materials price index* 1% 3.3%
	Japan	March overall WPP		:ບຣ	M1 week ended March 31
	Japan	March overall WPT 1.6% 1.6%		US	M2 week ended March S1
. '	Japan	March domestic WPF	4 "	`US	M3 week ended March 31 \$0.3bh
.Tues	Swizrind	March unemployment rate 5.8% 5.7%		US	Merch monthly M1
April a	Germany	March unemployment, pan-Germeny1 20,000 5,000	. (4	US	Merch monthly M2 \$16.4bm
	Germany	March unemployment, west	× 1 11 1	US	March monthly M3
• • • • • • • • • • • • • • • • • • • •	Germany	March unemployment, east† 310,000	H	France	March CPI provisional0.3%
	Germany	Jan unemployment, west! -75,000 23,000	April 11	France .	March CPI provisional 1.8%
·. ·	Germany	Merch vacancies, wast		US	March retail sales 0.8% 0.8%
1	Germany	March shortime, west, not! 27,000	· · · · · · · · · · · · · · · · · · ·	US	March retail sales ex-suito: 0.5% 0.5%
	Canada	March housing starts, units 155,000 159,000		US	Merch PPI Drawgd - 0.4%
	US	BOT-Mitsublahi April 5		US	March PPI ex-food & energy 0.1% 0.1%
	US	Feb wholesale trade		US	APR Michigan Sentiment Preliminary 99.9 100.0
	US	Redbook April 5 0.8%		US	March bank credit
· Wed	ŲK .	Feb Industrial production"		US	March C&L loans 14.7%
April 9	UK	Feb industrial production* 22% 24%		Russia:	March PPC
	UK	Feb menufacturing output 20.3% 0.3% 0.3%	During	the week	《《自然》的《《《《《》《《》《《》《《》《》《《》《《》《《》《》《》《》《》《》《
Thurs	Jepen	Feb mcharry odra (ex-elctroy & strps) 7.5% 14.8%	465 0	Germany	Feb capital account DM31 26n
April 10	Japan	Feb mothrny odrs (ex-alciroty & stops) :4% : 11.8% : 11.8%	5. 3. 5.	Germany	Feb net foreign securities purchases DM18.2bn
	France	March Insee household survey -28 -23		Span	March registered unemployed 14% 14.1%
	italy	Jan EU trade balance L700bn L100bn	"माञ्चा का ता	otet. Year or	year, "quarter on quarter, †seas/ed) Statedos, courtesy MelS International.

ACROSS

1 Opening back door into sunbathing area (6)

4 Stirrer reserved one s spot 9 The story's heartless suppo-

10 Wire if rejecting complaint

(5)
12 Gathering for a grand church service, home in (8)
13 On leaving employment many will be mactive (6)
15 Therefore head office is

somewhere in London (4)
16 Named plan to have date amended (10) 19 State of dress of attractive person liable to collapse to meet train (9)

20 Annoying child starts running into sports club (4) 23 Piercing a window ledge

bakes little time (6)

takes little time (6)
25 Glving him a bone trans21 Smack one topless girl plant is unconventional (8) 27 People staggering as in a 22

hanger? (6) 29 Unidentified article backed me without (3) 30 Even improved ruler's appearance (8)

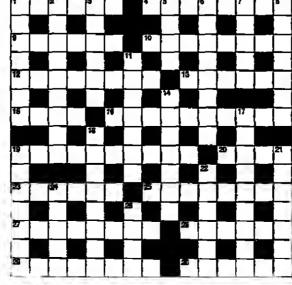
loval (7) 2 May flutter if US city girl looks round! (9) 3 Stroke worries old Bob (6)

5 Leave it after quarter to ten 6 Dawn is to confess - call girl in (8) 7 Finished with tin-opener

wben open? (5) 8 Spotted it, coned off (7) 11 In winter impose something temporary (7)
14 Spoilsport found "The King and I" awfully jolly (7)

18 Degree students miss retriever at Wimbledon 19 Slight row shout said

here! (7) Scold and beat half of class bar (8) (6) 28 Hurl one article inside a 24 Genuine Frenchman's field 26 Burden a person used to



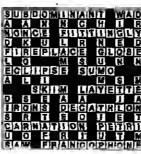
WINNERS 9,332: C. Walden, Barrington, Cambridge-shire; Mrs M.E. Dyer, Harrogate; P. Hutchinson, London SE4; D. Makins, Boston, Lincolnshire

MONDAY PRIZE CROSSWORD

No.9,342 Set by GRIFFIN

Six bottles of Davys Celebration Champagne for the first correct solution opened and three runner-up prizes of £40 Davys food and wine vouchers redeemable in person or by post. These prizes are svallable only to winners living in Bushand, Scotland and Wales. Winners with overseas achresses will receive a set of silver-plated place name bases and cards. Solutions by Thursday April 17, marked Monday Crossword 9,342 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL Solution on Monday April 21. Please allow 28 days for delivery of prizes.

Address.



Solution 9.332



SHAREHOLDERS IN PLM AB (publ) Notice is bereby given that the Annual General Meeting of PLM AB (publ) will be held on Wednesday. April 23,

1997 at 4:30 p.m. at the Scanta Convention Centre, Malmö

Trade Fair (in Kockums shipyard), V. Varvsgatan 10, in

Malmo, Sweden. Right to participate

To participate in the meeting, shareholders must be on the list of shareholders maintained by the Swedish Securities Register Centre (VPC) in Stockholm by Friday, April 11, ... 1997. Shareholders whose stock has been registered in the name of trustees must arrange in good time to have their. stock re-registered in their own names no later than Friday, April 11, 1997, if they wish to participate in the meeting. Notification of Intention to participate must be given no later than 3:00 p.m. on Friday. April 18, 1997 by telephone on +46 40 20 90 00 or by fax on +46 40 20 90 41.

> Malmö, April 1997 PLM AB (publ) Board of Directors

PLM

Box 836, SE-201 80 Maleso. Tel. +46-40-20 90 00 ueden – Norwey – Denmerk – UK – Gepresy – Rejund Norberlands – France – America Conch Republic

EUROPEAN SMALLER COMPANIES FUND SICAV

8 AVENUE MARIE-THERESE / L-2132 LUXEMBOURG R.C. LUXEMBOURG B No 20:093. Messrs shareholders are hereby convened to attend the Annual General Meeting which will be held on April 22nd, 1997 at 03.00.

p.m. at the registered office with the following agenda: Submission of the reports of the Board of Directors and of

Approval of the balance sheet and the profit and loss mem as at December 31st, 1996 and allocation of results; Discharge to the Directors in respect of the carrying out of their duties during the fiscal year ended December 31st, 1996; Re-election of the Authorized Independent Auditor for a new tein of one year,

The shareholders are advised that no quorum for the items on the agenda is required and that the decisions will be taken at the insjority. of the shares present or represented at the Meeting. Each there is entitled to one vote. A shareholder may act at any Meeting by proxy. By order of the Board of Directors

JOTTER PAD

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